Child Care Subsidy rates

Child Care Subsidy

The Child Care Subsidy is a payment from the Australian Government that helps families with the cost of child care. It has been designed to assist people who work, train or study while also supporting early learning opportunities for children.

How will Child Care Subsidy be paid?

The Child Care Subsidy will be paid directly to child care providers to pass onto families as fee reductions. Families will pay the provider the difference between their subsidy and fees charged. Families will no longer be able to elect to receive their subsidy as a lump sum at the end of 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 continue to be paid directly to families as a lump sum.

How much Child Care Subsidy will a family receive?

Families earning $66,958 or less will receive a subsidy of 85 per cent of the actual fee charged (up to 85 per cent of an hourly fee cap). For family incomes above $66,958, the subsidy tapers down to 20 per cent when family income reaches $341,248. Once family income raches $351,248 or more there is no subsidy.

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^	Tapering to 50 per cent*
$171,958^ to below $251,248^	50 per cent
$251,248^ to below $341,248^	Tapering to 20 per cent*
$341,248^ to below $351,248^	20 per cent
$351,248^ or more	0 per cent

*Subsidy tapers down by 1 per cent for each $3000 of family income.

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

Opportunity through learning

Is family income based on taxable income?

The applicable percentage of Child Care Subsidy that families receive during the year will be based on an estimate of their combined Adjusted Taxable Income (ATI). Each family's actual subsidy entitlement will be worked out at end of year reconciliation, usually after they have completed their tax returns and their actual ATI is known.

Is there an annual cap on Child Care Subsidy?

Families earning $186,958 (in 2018-19) or less will have no cap on the amount of Child Care Subsidy they can claim. Families earning over $186,958 and under $351,248 will have an annual cap of $10,190 per child, per year. The annual cap will be increased each year.

What is the hourly rate cap?

The hourly rate caps place an upper limit on the amount of Child Care Subsidy the Government will provide. Child Care Subsidy is calculated as a percentage of the actual fee charged, or of the relevant hourly rate cap (whichever is lower). The hourly rate cap is designed to place downward pressure on child care fee growth.

The hourly rate caps will be:

If a family uses:	Hourly rate cap (children below school age)	Hourly rate cap (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	$25.48 per family	$25.48 per family

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

Does withholding apply to Child Care Subsidy?

Yes, five per cent withholding will apply to families' Child Care Subsidy payments. Withholding will not apply to Additional Child Care Subsidy payments. Withholding is intended to help families avoid or minimise debts at reconciliation, which could otherwise occur due to changes in circumstances throughout the year,for example, changes to family incomes or activities. For more information on withholding, see the fact sheet Child Care Subsidy Withholding.

Where can I get further information on the child care package?

- Visit the Department of Education and Training Child Care Package website at education.gov.au/eccc

- Visit the Department of Human Services Child Care Subsidy website humanservices.gov.au/childcaresubsidy