



Complying with EFT Gap Fee Payments

INFORMATION FOR FAMILY DAY CARE EDUCATORS

From 1 July 2023, families using family day care will be required to pay the Child Care Subsidy (CCS) gap fee via Electronic Funds Transfer (EFT), and cash payments will no longer be permitted.

Family Day Care Australia's (FDCA) [fact sheet for educators](#) explains more about these changes: why they are being made; what these changes mean for family day care educators; available EFT options; keeping families informed; the importance of accurate recording keeping practices.

This fact sheet provides good practice tips to assist family day care educators in the transition to EFT gap fee payments.

MODELS OF CCS GAP FEE COLLECTION

In a family day care context, CCS gap fees may be collected via EFT, in the following ways, depending on the business decisions taken by the provider:

- the approved service collects the CCS gap fee centrally and then disburses payments to educators (a centralised model), or
- educators collect the CCS gap fees, acting as an agent on behalf of the provider (a decentralised model), or
- a combination of the above two methods.

Understand your legal obligations and responsibilities

As independent contractors, family day care educators must comply with the National Law and National Regulations governing Early Childhood Education and Care (ECEC) in Australia. With the change to EFT gap fee payments from 1 July 2023, educators must ensure they understand and adhere to associated changes in your service's policies, processes and procedures. Your service provider may also update your educator agreement or contract to reflect any changes in policies and/or processes.

For example, your service may decide to make updates or changes to its model of gap fee collection, the timing of when educators should submit timesheets, or the way late/non-payment of CCS gap fees are handled. They may also decide to introduce new internal checking processes to verify that families have paid the CCS gap fee by EFT.

It is important that you stay informed about any changes and contact your service provider if unsure about any aspect of your legal obligations.





How will compliance be monitored by the Department?

Regardless of the method chosen for CCS gap fee collection, service providers must have in place adequate systems of oversight to ensure the gap fee is being paid by EFT and accurate records are being kept. The Department of Education (the Department) will audit service providers to ensure compliance with the new CCS gap fee payment requirement. Non-compliance can have serious consequences.

During the audit process, the Department will check EFT CCS gap fee payments against relevant records and evidence, such as provider or educator bank statements and receipts, as well as relevant reports from third-party software providers.

Transitioning to EFT gap fee payments

As an educator, active engagement with your service is crucial in preparing for the transition to EFT gap fee payments. Ensure that you fully understand the model of gap fee collection that your service will employ and the scope of your legal obligations.

FDCA has created a Self-Assessment Tool for educators which can help you assess your readiness for the transition to EFT gap fee payments. You can access this Self-Assessment Tool on our dedicated [EFT Transitions Resource webpage](#).

Below are some good practice tips that you may also wish to consider. However, bear in mind that not all may apply in your situation, as governance systems, and specific policies and processes may vary across services.

Where educators collect the gap fee on behalf of the service

- Set up a dedicated business bank account if you have not already done so. Separating your personal finances from your business accounts helps promote transparency and accountability in the CCS gap fee collection process. Bank transactions also provide evidence of actual gap fee payments made by families.
- Issue invoices directly to families once the

CCS entitlement is confirmed and ensure receipts are issued for all CCS gap fee payments received from families.

- Track and reconcile payments regularly against invoices and receipts. Consider implementing a system to track gap fee payments, for example requesting families to enter a specific reference number (e.g. child's initials, child's first name and parent's last name, invoice number etc) when making the EFT payments.
- Regularly review your business bank transactions, to identify and resolve any discrepancies or errors. Follow-up any late or non-payments according to your service's policy.
- Familiarise yourself with your service's specific requirements regarding EFT options for gap fee payments. Check if your service requires gap fee payments to be made using specific EFT options and payment systems, e.g. Harmony Web's redPAY or Hubworks' IPAY.
- Review your service's policy and process for addressing late gap fee payments and debts, so you are clear on your responsibilities in this regard.
- Make sure you clearly communicate all relevant gap fee terms and conditions to families in your fee schedule. For example, ensure they understand which EFT method/s to use, the frequency of payment (for example, weekly or fortnightly), whether families have any advance payment requirements, and the potential consequences for late payments/non-payment of CCS fees.
- Maintain adequate privacy and confidentiality of all CCS gap fee documents and records and ensure they are securely stored and handled in compliance with privacy and data protection requirements, similar to other records.





- Assist your service with the auditing process, as required. Educators should actively support the service during audits by providing requested information and documents promptly. Maintain organised records for easy access and retrieval during the audits. Regularly review your records to ensure they are complete and up to date. Cooperate with any requests from the Department.

Where the service collects the gap fee centrally, and disburses payments to the educators

- Ensure you have a clear understanding of the centralised method of CCS gap fee collection and how it will work in your service.
- Talk to your service provider and familiarise yourself with the reasons behind the centralised collection method of gap fees and any associated changes to your contract or educator agreement. For example, be aware that your service may increase the administrative support levy to account for the added responsibilities of gap fee collection.
- Communicate the service's centralised EFT gap fee policy to families and the rationale behind it, as needed. Maintain open and transparent communication with your service so you fully understand the nominated EFT options, families' obligations and any changes to gap fee payment timing, invoicing, record keeping processes or consequences of late/non-payment of fees. Refer detailed questions from families to your coordinator or service manager if you are unsure.
- Work together with your approved service provider to establish clear processes and procedures around gap fee payments and associated policies and assist in preparing families for the change to a centralised model.
- Clarify specific aspects such as record keeping, advance payments and following up on late/non-payments, so you are clear on the scope of your responsibilities.
- Establish a dedicated business bank account if you have not already done so. This practice

ensures greater transparency and accountability of expenses and income and facilitates tracking and reconciling payments disbursed by your service. Having a separate business account is good business practice and will also assist during tax time.

- Assist your service with the auditing process as required. Educators should actively support the service during audits by providing requested information and documents promptly. Maintain organised records for easy access and retrieval during the audits. Regularly review your records to ensure they are complete and up to date. Cooperate with any requests from the Department.

USEFUL RESOURCES:

Click [here](#) to view the A New Tax System (Family Assistance) (Administration) Act 1999.

Click [here](#) to view the legislation for the Child Care Subsidy Amendment (Electronic Payment Exceptions and Other Measures).

Click [here](#) to view the Department of Education's FAQs on the changes to CCS gap fee payments from 1 July 2023.

Visit [Family Day Care Australia](#) for more information on gap fee payments, exceptions or get in touch with us at [1800 658 699](tel:1800658699) or enquiries@fdca.com.au

