



Childcare process

Step One – Entity Purchase in

The first step in purchasing a childcare business is deciding on the entity you wish to purchase the business in. That could be a Company or a Company & Trust. A company can be organised via ASIC or via your accountant. A company and Trust will require an accountant or a lawyer to establish.

If the Company has 3 Directors all three Directors will be required to go through the interview process. Therefore, if there is a person in the Company who is childcare trained or has Education experience it is best to only have them as a Director. They will then be the only person required to go through the interview process and will have a better chance of being successful.

Step Two – Apply for Provider number

To be able to own and operate a childcare business you must hold a Provider number. This Provider number is applied for via the Department of Communities – Childcare section in the State you live in or the State you are buying the Childcare business in.

The Provider number is attached to the entity e.g. Company - Company/Trust you have set up that will ultimately own the Childcare business.

The application – PA01

https://www.acecqa.gov.au/sites/default/files/2019-06/PA01_ApplicationForProviderApproval_0.pdf

must be completed on line and will require you to have:

- (a) Police Clearance certificate not more than 90 days old
- (b) Working with Children card

The current price is \$227 at Sep 2019

The Provider number once obtained does not last forever, unless you continue to own a childcare business. If you have not purchased/own a centre within a period of approximately two years from time of issuance the Department may cancel the number.

The application will require credit checks into the Company history and ALL the Directors of the Company.

Interview

All Directors of the Company will be required to attend an interview. Shareholders are not usually required to attend interview.

The interview is usually two to three hours and is a panel interview of usually three to four personnel. To pass the interview, a thorough understanding of Childcare legislation, policy and procedures will be required. If you are purchasing a centre through Advance Business Brokers, we can assist with this process and provide detailed information on the questions and documents you will need to be proficient in.

The interview is usually conducted about 6 – 8 weeks after lodgement of application. If you have been successful, an indication is often provided on the day. Notice of approval or decline is provided in writing around 7 – 10 days after interview. Nationally around 70% of applicants fail.

Receipt of Provider Number

Once you have received your Provider number, you can then look for a childcare business and advise the broker/buyer you are already in possession of your Provider number which puts you in a stronger position to purchase.

Or, if you have already signed a contract to Purchase a centre and Provider number is a condition of contract you can move onto lodging the other applications.

Transfer of Service

Transfer of Service can only be lodged with a Provider number.

<https://www.acecqa.gov.au/resources/applications>

Transfer of Service takes 42 days from date of lodgement.

To lodge your Transfer of Service you may be required to provide with your application a letter from the landlord confirming the landlord has approved you as a new incoming tenant OR: contract confirming you are purchasing the Property as well as the business.

These documents are to confirm you have the right to operate the Childcare business in the property it is located.

Two forms need to be completed for Transfer of Service. PA09 and SA04.

The PA09 Is completed by the current owner/Seller of the business and forwarded to the Buyer. The Buyer completes the SA04 and attaches the PA09 with the SA04 application.

The Department of Communities/Childcare may choose to inspect the centre. This does not happen every time. If they do undertake an inspection, a list of items will be issued to the Seller to complete. All of those items should be completed prior to settlement.

CCS – Child Care Subsidy from Department of Education - Application

<https://www.education.gov.au/applying-child-care-subsidy-ccs-approval>

If the buyer, has a contract in place to purchase a business, and have just applied for and received their Provide number, then as soon as their Provider number is issued, they should also lodge their application for CCS funding. This application can also take 42 days.

Usually application to CCS and for Service Approval are lodged at the same time on different websites.

CCS application now requires a business plan and financial information on the applicant.

If is recommended this application form be downloaded at the same time as the Provider Application if you are a new childcare purchaser, so the applicant can work through and prepare all the information required in advance. Then you are able to lodge the business plan, accounting information and other documents will all be completed and ready to be attached.

Settlement

Settlement on a childcare business usually occurs on a Friday (due to Government funding going Monday to Friday) approximately one to two weeks after Transfer of Service is unconditional.