

TRANSITIONING AT SCALE

How one provider managed the transition to Direct Gap Fee Collection

Direct Gap Fee Collection (DGFC) is a new system, where families pay the service the gap fee directly, rather than educators handling payments. Some in the sector may use the term 'centralised model' to describe the same process.

This case study explores what it took to make the transition work smoothly at scale. It shares how one large provider (supporting approximately 600 families) planned and managed their transition to DGFC. The focus includes administrative impacts, staffing needs, cash flow strategies, and educator engagement.



Starting the Journey

For a large family day care service supporting approximately 600 families, the move to DGFC wasn't just a compliance exercise, it was a whole-of-business transformation. To prepare, they began with the foundations: reviewing and updating policies and procedures. These updates were shared widely, with the goal of creating clarity and consistency for all stakeholders. Alongside this, they created a suite of templates for emails and call scripts designed to make life easier for staff and to support consistent communication with educators and families.



Strengthening the Team

The scale of change required more than documentation updates. Recognising this, the service brought in the equivalent of an additional full-time team member, using two staff to share the load. A key success factor for the service was that the team members had experience with bookkeeping and debt collection processes.

These roles became central, not just for tracking payments but for refining systems, spotting issues early, and staying ahead of the payment cycle.



Service Snapshot

SERVICE TYPE:

Private For Profit

EDUCATORS:

~80

FAMILIES

SUPPORTED:

~600

TOOLS USED:

FDSeeCCS

GUIDING VALUES:

Transparency, consistency, and strong educator support

RESOURCING:

One full-time staff member added to support the transition



Key Tips

- Invest early in administration resourcing
- Create systems to handle payment peaks (e.g. failed transactions)
- Communicate transparently about fee changes
- Use automation and dedicated systems for account management
- Bring educators into the process from the start
- Build financial backup systems (e.g. bonds or advance payments) where feasible



Tackling Administrative Pain Points

The two most significant administrative challenges were:

- Following up declined or late family payments.
- Keeping systems and documentation in line with evolving requirements.

One of the trickiest patterns was timing.

“Families often only responded to a failed payment right before the next payment was due. It created a wave of phone calls and emails all at once.”

To manage the spike, the service allocated staff during known high pressure periods and offered phone payments to help resolve issues quickly. The service also allocated dedicated time each day to review and manage accounts to ensure consistency and oversight.

To further support the load, they established a separate email account (e.g. accounts@...) exclusively for all payment-related and direct debit communications. They even set up a dedicated PC and workspace solely for this purpose, helping to keep financial correspondence organised and separate from general administrative tasks.



Cost Recovery and Transparent Fee Changes

With added staffing and administration costs, the service undertook a detailed review of the true cost of operating under a centralised payment system. While they have maintained their existing fee structure to date, educators have been advised that an adjustment will be introduced in the coming months.

The review confirmed that a fee increase is necessary to cover the additional expenses and ensure ongoing sustainability. The team is committed to approaching this change with transparency, clearly explaining what the added support covers and how it benefits both families and educators. It's about building trust and long-term stability.



Training with Empathy

Introducing new processes meant investing time in training staff and educators. While not without challenges, the team took a values-led approach - open, honest, and inclusive. They also leaned on collaboration, working closely with other providers to test ideas and ensure their approach was scalable and practical. This helped them feel less isolated and more confident in their decisions.



Innovation for Sustainability

To address cash flow pressures caused by delayed CCS and gap fee payments, the service implemented a payment in advance system. Families pay an amount upfront, which enables the service to pay educators in full and on time each week.

“This gave us breathing room. It’s not something every service will need or be able to do, but for us, it really helped us to reduce some of the administrative load.”

They acknowledged smaller services might operate more flexibly, but structure and predictability were essential at their scale.



Building Educator Trust

One of the most powerful enablers of success was early educator engagement. From the start, educators were included in the conversation, and their feedback shaped how the service rolled out changes.

To further demonstrate support, the service introduced a shared debt policy - if a family fails to pay, the service will cover 50% of the debt after reasonable attempts to recover it.

"We wanted our educators to feel protected and valued. This wasn't just about business – it was about trust."

Reflections and Tips



Start early

"We started initial team discussions in July 2024, included educators from October, informed families from January 2025, and transitioned in mid-May 2025. Having around four months between finalising the transition and going live gave us space to test, adapt and embed changes without scrambling at the last minute."



Bring educators into the process

"Getting educators involved early made a huge difference. Their insights helped shape the rollout, and their buy-in meant they became advocates for the change – not just recipients of it."



Every service is different

"There's no one-size-fits-all. What worked for us might not suit every service, but hopefully our journey gives others some ideas to build from – wherever they are in their planning."