



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

2022–23 Budget (October 2022)

ECA summary and response

October 2022

About us

Early Childhood Australia (ECA) is a not-for-profit, membership-based organisation that was first incorporated in 1938. We work at both the national and local levels, with active State and Territory Committees in each Australian jurisdiction and a National Board of Directors. Our membership includes early childhood professionals, services, schools and organisations that share a commitment to the rights and wellbeing of young children.

Our vision is that every young child is thriving and learning. To achieve this, we champion the rights of young children to thrive and learn at home, in the community, within early learning settings and through the early years of school.

Our work builds the capacity of our society and the early childhood sector to realise the potential of every child during the critical early years from birth to the age of eight. ECA particularly acknowledges the rights of Aboriginal and Torres Strait Islander children and their families, and the past and current injustices and realities for them around Australia.

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Acknowledgement of Country

Early Childhood Australia acknowledges the traditional owners of Country throughout Australia and their continuing connection to land and community. We pay our respect to them and their cultures, and to the Elders both past and present.



On 25 October 2022 Treasurer Jim Chalmers handed down the federal government's first Budget since its election in May. Below is a summary and response to the Budget.

Overview

ECA welcomes the government's budget as a positive step towards a longer-term vision for early childhood education and care (ECEC). This includes the allocation of \$4.7 billion from 2022–23 over four years to improve access and affordability of ECEC for families by increasing Child Care Subsidy (CCS) rates to 90% for eligible families by July 2023, along with the government's previously announced progressive increase of paid parental leave to 26 weeks. These investments in children and families are a significant step in the right direction towards longer-term reforms that put children and families at the centre of budget decisions. The government's commitment to the Early Years Strategy further signals that the government has a vision for delivering outcomes for Australian children. ECA is optimistic that the government's plan to develop and deliver a strategy will elevate the importance of children's education, development and wellbeing outcomes alongside the goal of supporting workforce participation, which has tended to dominate recent discussion and policy.

Though largely optimistic, ECA is concerned that an increase in the rate of the CCS, without a complementary measure to increase the number of hours available to families with low incomes and less than 16 hours of work, study or training, will exacerbate existing inequity and widen attainment gaps for children in families with low incomes and insecure work. We also stress the urgency with which the government needs to act to address the critical workforce shortages in the ECEC sector, including the need to address pay and conditions alongside other workforce planning measures.

A summary of the announced budget measures relevant to ECEC are included below.

Children and families

Affordable early learning (AKA 'cheaper child care')

Budget measures of \$4.7 billion over four years from 2022 to 2023 were announced to make ECEC more affordable for families, including \$4.6 billion to increase CCS rates for families earning less than \$530,000; protect the CCS against fraud and non-compliance; and provide a base level of 36 hours of subsidised ECEC per fortnight for First Nations children, regardless of activity levels. From July 2023, CCS rates will rise from 85 to 90% for families earning less than \$80,000. Subsidy rates will then taper down one percentage point for each additional \$5,000 in income until it reaches zero per cent for families earning \$530,000. Families will continue to receive existing higher subsidy rates for their second and subsequent children aged five and under in care, up to 95%.

Response:

ECA welcomes the measures in the budget to enact the government's election commitment to increase the CCS and acknowledges this as a significant step towards longer-term reforms that will be progressed through the upcoming ACCC and Productivity Commission reviews. ECA is concerned, however, that an increase in the CCS rate, without a complementary measure to increase the number of hours available to families with low incomes and less than 16 hours of work, study or training, will exacerbate existing inequity and widen attainment gaps for children in families with low incomes and insecure work. ECA has developed a proposal to increase the minimum hours of



CCS to 72 hours per fortnight (3 days per week), in line with the Centre for Policy Development proposal of a guarantee of three days of ECEC for every child.

Paid parental leave

The Government announced \$531.6 million over four years from 2022 to 2023 to progressively increase the Paid Parental Leave (PPL) scheme to 26 weeks by July 2026.

Response:

ECA welcomes the proposed increases to PPL and the financial security it will bring for parents and caregivers, particularly women. This is an important time for infant development, family adjustment and child–adult bonding. The additional weeks and flexibility offer parents more choice and control to balance care and work. It is also important that structural change to support better gender equality incorporates superannuation payments to PPL to ensure that the extended parental leave does not lead to unequal retirement savings.

Early Years Strategy

The government has also allocated \$4.2 million over two years to support the development of a whole-of-Commonwealth Early Years Strategy, taking an integrated approach targeting the wellbeing, education and development of Australia’s children in the early years.

Response:

The investment in the Early Years Strategy clearly signals the government’s vision in delivering the best possible outcomes for Australian children. ECA is excited by the prospect of the government’s plan to develop and deliver a strategy that elevates the importance of children’s education, development and wellbeing outcomes alongside the goal of supporting workforce participation

Investment in playgroups

The government has allocated \$12.4 million over four years towards playgroups and toy libraries to provide accessible and affordable spaces, resources and opportunities for children to play together and for parents and carers to seek social and parenting support, particularly in regional and remote communities.

Response:

ECA welcomes this as an investment in children and families that provides strong connections to their community. ECA also takes note of the Playgroup Statement [link] recently launched by Playgroup Australia, which outlines the value of playgroups for children, families and communities.

Ending violence against women and their children

The government has allocated \$225.2 million in funding for prevention activities that aim to stop violence against women and children and address underlying drivers of violence. This includes \$30 million to support outcomes under [Safe and Supported: the National Framework for Protecting Australia’s Children 2021–2031](#), and \$10.2 million over three years to establish the Early Childhood Care and Development Policy Partnership.

Response:



Efforts to keep women safe by ending violence against women and children are critical and require joint effort. ECA notes that there are opportunities to better position young children within strategies that seek to end violence. The structure of ECEC services—through the time they have with children and the relationships they develop with families—affords a unique opportunity for ECEC services to engage supportively with children and families experiencing family violence. ECEC services have an interface with children and families across the action domains of prevention, early intervention, response and recovery embedded in the [National Plan to End Violence against Women and Children](#).

Integrated early childhood education policy

The Government has committed \$10.2 million over three years to establish the Early Childhood Care and Development Policy Partnership (the Partnership) between Australian governments and First Nations representatives. Co-chaired by the Secretariat of National Aboriginal and Islander Child Care, the Partnership will work with governments to develop community-led policies and programs that First Nations families need for their children to thrive.

Response:

ECA welcomes these measures and fully supports Aboriginal and Torres Strait Islander self-determination and representation in policy design.

Workforce Initiatives

ECEC workforce

The government has committed to funding 480,000 fee-free TAFE and community-based vocational education places over four years. This commitment includes a \$1 billion (12-month) Skills Agreement with the states and territories to deliver 180,000 fee-free TAFE and vocational education places in 2023. The Agreement will target industries with severe skills shortages, including the ECEC sector. In addition, 20,000 additional higher education places have been announced, of which 1,469 are early childhood qualifications. The government has also committed \$12.9 million to establish Jobs and Skills Australia, which will provide independent advice about current, emerging and future skills and labour market needs based on the best available evidence.

The Treasurer outlined the government's effort to get wages moving again, naming their CCS increases as a critical input to this alongside training, investing in industries and fixing broken bargaining systems. The ECEC sector needs a well-supported and thriving workforce for it to contribute to any solutions for broader workforce participation.

Response:

The government's allocation to fee-free TAFE and additional university places is a welcome means of addressing the workforce issues currently faced by the ECEC sector, which desperately needs a greater supply of qualified teachers and educators. Given the critical shortages in the ECEC profession and the role it plays in enabling all other industries, it is critical that ECEC be central to the government's jobs and skills strategy.

It is promising to hear the Treasurer refer to the significant role that early childhood educators play in the lives of children, thereby recognising the effort of the profession as 'more than care'. While this form of recognition is important—and necessary—urgent effort is needed to address poor wages in the ECEC sector to enable it to deliver



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on the government's promise of more affordable and accessible ECEC for children and families. ECA invites government to work to address the wage issue in collaboration with the sector. We are optimistic that the government's commitment to get wages moving will extend to addressing wages for the ECEC workforce, the majority of which is women.