



**Early Childhood Australia**  
A voice for young children

## 2023–24 Budget

Summary and response

**Early Childhood Australia**

May 2023

EVERY  
YOUNG  
CHILD IS  
THRIVING  
AND  
LEARNING



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**OUR  
VISION:  
EVERY  
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## 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 acknowledges the unique place of Aboriginal and Torres Strait Islander peoples in our society, the past and current injustices and realities for them across Australia, and the enduring strength of their cultures and identities. We commit to being at the forefront of achieving a reconciled nation that values, respects and celebrates Aboriginal and Torres Strait Islander ways of knowing and being.

Find out more at: [www.earlychildhoodaustralia.org.au](http://www.earlychildhoodaustralia.org.au)

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## Acknowledgement of Country

Early Childhood Australia acknowledges the Traditional Custodians 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.



# 2023–24 Budget

## Summary and response

**On 9 May 2023 Treasurer Dr Jim Chalmers handed down the Federal Government's 2023–24 Budget. The below is a summary and response to the Budget.**

### Overview

The government have foreshadowed a constrained-spending Budget this year, promising it would balance cost of living pressures with 'responsible' spending. The Budget includes new measures announced in the lead-up to Budget night, including a \$72.4 million investment over five years to support skills and training for the early childhood education and care (ECEC) workforce along with \$18 million in grants (up to \$900,000) to establish new ECEC services in areas of limited supply. These measures are in addition to previously announced changes to the Child Care Subsidy (CCS), which is increasing to 90% for eligible families commencing in July 2023.

While ECA welcomes the government's investment in affordability measures, improved supply of ECEC, and professional development as a positive step, critical opportunities to improve wages for the ECEC profession and address inequity caused by the Activity Test have been missed.

ECA remains optimistic that the government's ECEC reform agenda being progressed through the ACCC and Productivity Commission inquiries alongside the development of an Early Years Strategy will elevate the importance of children's education, development and wellbeing outcomes alongside goals of supporting workforce participation.

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

### Children and families

#### Establishing ECEC services

The government have announced \$18 million of funding to establish new ECEC services in areas experiencing limited supply, including in disadvantaged regional and remote areas of Australia where there are no or limited such services.

**Response:** ECA is supportive of measures that increase the supply of quality ECEC where it is limited. It is important that initiatives aimed at establishing services in these locations are supported to sustain service delivery in the context of the community.

#### Affordable early learning

Budget measures of \$4.5 billion over four years from 2023 were announced to make ECEC more affordable for families by increasing Child Care Subsidy (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 early education and care per fortnight for First Nations children regardless of activity levels. From July 2023, CCS rates will lift 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 0% 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 CCS and acknowledge this as a significant step towards longer-term reforms that will be progressed through the upcoming ACCC and Productivity Commission reviews. 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. ECA has developed a proposal to increase the minimum hours of CCS to 72 hours per fortnight (three 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 previously announced \$531.6 million over four years to progressively increase the Paid Parental Leave (PPL) scheme up 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 of infant development, family adjustment and child-adult bonding. The additional weeks and flexibility offers parents more choice and control about balancing care and work. It is also important that structural change to support better gender equality also considers incorporating superannuation payments to PPL to ensure that the extended parental leave does not lead to unequal retirement savings.

Abolishing ParentsNext and increasing financial support for single parents are welcome inclusions that will positively impact children and families.

## **Ending violence against women and their children**

An additional \$589.3 million in funding was announced for women's safety including supporting the implementation of the *National Plan to End Violence against Women and Children* for prevention activities that aim to stop violence against women and children and addressing underlying drivers.

**Response:** Effort to keep women safe by ending violence against women and children is critical and requires 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 that 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*.

## **Health initiatives**

The Budget also includes \$3.4 million to address the decline in immunisation rates for children under five. In addition, \$5 million has been allocated over two years to extend funding for foetal alcohol spectrum disorder (FASD) prevention, diagnosis and support activities.

## **Support for people with autism**

Funding of \$27.0 million over four years from 2023–24 will be allocated to undertake additional pilots of early interventions for infants with signs of autism as part of the government's 'National Autism Strategy'. This will include investing in two pre-emptive early interventions for infants showing signs of autism leveraging the 'Inklings' pilot (\$22.1 million), research and consultation to inform the 'National Autism Strategy' (\$3.7 million),



and consultation on a National Roadmap to improve the physical and mental health of autistic people (\$1.2 million).

### **Targeting entrenched disadvantage in communities**

The government will provide \$199.8 million over six years from 2023–24 to address entrenched community disadvantage, including through place-based approaches, engaging with philanthropy, and promoting social impact investment. This will involve local and state and territory partnership-led place-based initiatives to improve outcomes for disadvantaged children and their families. This will also incorporate the development of whole-of-government approaches along with data- and research-informed monitoring and policy development.

## **Workforce initiatives**

### **Funding for professional development opportunities for ECEC workforce**

The 2023–24 Budget will include \$72.4 million over five years for measures to support the early childhood education and care (ECEC) workforce that aim to strengthen skills and professional experience and improve support to complete qualifications. This will include professional development subsidy for up to 75,000 qualified early childhood educators, paid practicum subsidy for up to 6,000 early childhood teachers in training with paid placements to complete their tertiary qualifications, and practicum exchange for up to 2,000 early childhood teachers in training to complete a practical experience prior to qualification.

This will be introduced from July 2023 and will prioritise First Nations services and educators and services in regional and remote locations.

**Response:** Investing in the professional development of the ECEC sector and removing barriers to completing qualification are welcome measures for the workforces. These need to be coupled with measures to improve wages.

### **Longer-term reforms**

The *Education Portfolio Budget Statements* includes recognition that longer-term reform work is underway with reference to the 'Early Years Strategy' Productivity Commission Inquiry and other work. For example:

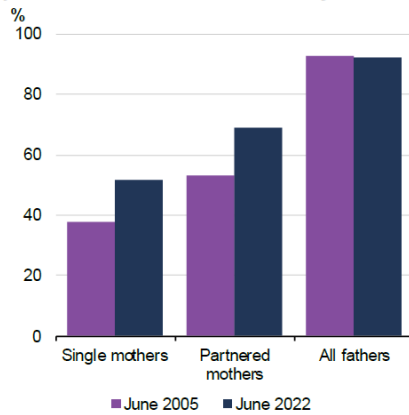
'In early childhood education and care, the Productivity Commission's (PC) inquiry, co-led by Professor Deborah Brennan AM, is comprehensively examining the sector and will make recommendations that support affordable, accessible, equitable and high-quality early childhood education and care that support workforce participation and improve education outcomes for children. The Australian Competition and Consumer Commission (ACCC) is also undertaking an inquiry to investigate the drivers of costs and prices in the early childhood education and care sector.' (*Education Portfolio Budget Statements*)

The *Women's Budget Statement* also flags that more work is needed to improve workforce participation and under-employment among women:

'[Mothers'] participation rates remain much lower than for fathers (Chart 1.3). Treasury research finds that a woman's likelihood of being employed drops by around 45% in the year of their first child's arrival, with little recovery in the following five years, while fathers' employment is little changed. In addition, surveys show that women report caring for children to be the main barrier to finding a job or increasing their hours in paid work (Chart 1.4), whereas for men it is long-term sickness or disability.' (*Women's Budget Statement*)

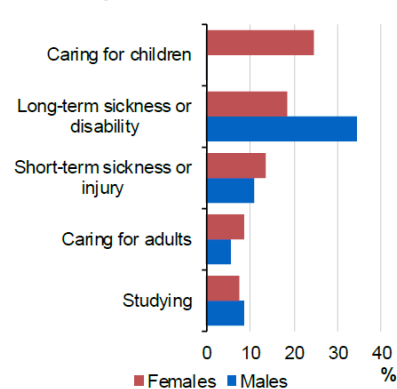


**Chart 1.3: Participation rates of parents with children under 5 years**



Source: Treasury analysis of ABS Labour Force Status of Families.

**Chart 1.4: Main reason not available to start a job or more hours, 2020–21**



Source: ABS Barriers and Incentives to Labour Force Participation.

## Conclusion

Overall, the Budget gives promising signals for the future. ECA looks forward to working with the government on ambitious future reforms to deliver universal early childhood education and care along with professional recognition for the ECEC profession.



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