



MEDIA RELEASE

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FEDERAL BUDGET LAYS THE FOUNDATION FOR A UNIVERSAL EARLY CHILDHOOD EDUCATION AND CARE SYSTEM

The Albanese government's commitment to building a universal system of early childhood education and care (ECEC) is manifested in the 2025–26 Federal Budget.

Investing in every stage of education is one of five budget priority areas, and as the Treasurer says, 'this all starts with early childhood education and care.' The budget includes a commitment to ensuring that 'every child has the right to an early education, to ensure they don't start school behind.' The Treasurer also positions the investment in the Child Care Subsidy as 'cost-of-living relief with an economic dividend' because it supports workforce participation.

Expenditure on the Child Care Subsidy is predicted to exceed \$16 billion in 2025–26, with another \$5 billion allocated to building a universal ECEC system where every child is eligible for at least three days per week of subsidised access. Many advocates in the early childhood profession would be pleased to read the following statement in the budget papers:

Children's participation in quality early childhood education and care has important developmental, social and educational benefits. It lays the foundation for children's lifelong development and learning and supports long term productivity by increasing educational attainment. Early childhood education and care is also a powerful lever for increasing parents' workforce participation.

Previous announcements that were reiterated in the budget as investments in building a universal ECEC system include:

- \$3.6 billion to lift the wages of early childhood educators through the [Worker Retention Payment](#) (announced in the 2024-25 Federal Budget)
- \$1 billion to establish the [Building Early Education Fund](#) to increase the supply of high-quality ECEC across Australia, especially in priority and underserved markets; this is expected to support 160 new or expanded ECEC services in areas of need and includes \$529.6 million for capital grants and \$500 million provisioned for future investment, pending a \$2.3 million business case for the Commonwealth to invest in owning and leasing a portfolio of ECEC centres (announced December 2024)
- \$426.6 million for the [3 Day Guarantee](#), which replaces the Child Care Subsidy Activity Test; this is expected to provide 100,000 families with eligibility for additional hours of Child Care Subsidy from 2026 (legislated February 2025)

- \$10.4 million over three years from 2024–25 to develop an [Early Education Service Delivery Price](#) to better understand the cost of delivering services around the country and underpin future reform. The project will ensure the government can understand the reasonable cost for providers to deliver quality ECEC services throughout Australia, including where costs vary by cohort or location.

While these are welcome investments, there were some missed opportunities in this budget. Above all, ECA is disappointed to see no additional investment in inclusion support or inclusion capability. This is widely recognised as an area of underinvestment and an impediment to universal access. The \$98.4 million boost to inclusion support in the 2024–25 financial year has not been repeated or embedded in longer term funding commitments.

There is also no investment in system stewardship mechanisms, such as the ECEC Commission proposed by the Productivity Commission, which is necessary move to us from a market-based model to a universal system with shared responsibilities for addressing supply, inclusion and equity.

Lastly, there is no investment in stronger child safeguarding measures or regulatory enforcement in response to concerns about poor practice by some providers—measures that would be welcome by those committed to child safety and high-quality practice.

Note: A summary of the Federal Budget 2025–26 will be provided to ECA members and available on our website.

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Please contact Early Childhood Australia CEO Samantha Page for interview or comment on 0477 500 017.

For a downloadable PDF version of the media release, please visit:
www.earlychildhoodaustralia.org.au/media

About Early Childhood Australia

Early Childhood Australia is the peak advocacy body for children from birth to eight years, their families and early childhood professionals.