



Early Childhood Australia
A voice for young children

2024–25 Budget

Summary and response

Early Childhood Australia
May 2024

EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING



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**OUR
VISION:
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About Early Childhood Australia

Early Childhood Australia (ECA) is a not-for-profit, membership-based organisation, incorporated since 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

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Acknowledgement of Country

Early Childhood Australia acknowledges the Traditional Owners of the lands, rivers and seas upon which we walk, work and live. We pay our respect to Elders past and present. We also acknowledge that Aboriginal and Torres Strait Islander people have been nurturing and teaching children on Country for many thousands of years. We respect and honour that history and we seek to walk together into the future.



2024–25 Budget

On 14 May 2024 Treasurer Dr Jim Chalmers handed down the federal government’s 2024–25 Budget. Below is a summary and response to the Budget.

Summary

The government foreshadowed a focus on cost-of-living relief in the Budget this year, promising tax cuts and strategies to lower inflation. Many of us were hoping to see the Child Care Subsidy (CCS) Activity Test scrapped or amended and an announcement on well-deserved wage increases for early childhood educators.

In his budget speech, the Treasurer referred to a commitment to fund wage increases for early childhood educators as part of a broader focus on improving wages in the ‘care sector’—led by significant increases for aged-care workers. While there is a lack of detail in the budget papers, a wages decision by the Fair Work Commission (FWC) is anticipated in June, and details should become clear soon after that.

Unfortunately, no changes to the CCS Activity Test were announced, with the government indicating that they will wait until after receiving the Productivity Commission’s *Inquiry into Universal Early Childhood Education and Care* before deciding on financing reforms. Investment in safeguarding the CCS system and protecting against fraud and non-compliance are expected to deliver savings over the forward estimates.

The government has responded to calls by many in the sector to increase inclusion support, with demand at record levels. A further \$98.4 million has been allocated in 2024–25 for the Inclusion Support Program (ISP), in addition to the existing \$133 million annual appropriation (see [ISP Budget Factsheet](#)). While this investment is very welcome, longer-term changes are needed to provide sustainable support and stability for children and families.

Our preliminary summary of budget measures relevant to early childhood education and care (ECEC) is included below.



Education measures

Educator wages

A provision towards wage increases for early childhood educators was mentioned by Treasurer Jim Chalmers in his [Budget Speech](#) as part of a broader focus on improving wages in the 'care sector', led by significant increases for aged-care workers. It is also noted in both [Budget Paper #2](#) and the [Education Portfolio Budget Statement](#), but without any detail on the value or timing of the provision.

ECA response: ECA welcomes well-deserved wage increases for early childhood educators and congratulates both union and employer representatives who have been working together in good faith to achieve this outcome. We recognise that this is a complex process, and while the budget offers little detail about the value of wage increases, the timing or the mechanism for the government contribution, we remain optimistic. We look forward to learning more, once a decision by the FWC on award increases is made in June, and the multi-employer bargaining process reaches a conclusion.

Child Care Subsidy

The government will achieve net savings of \$410.7 million over four years from 2024–25 through additional activities to strengthen the payment and accuracy of the CCS program. Funding provided to strengthen fraud and non-compliance activities includes:

- \$84.2 million over four years from 2024–25 (and \$18.4 million per year ongoing) to the Department of Education to increase audits of providers in the long day care sector and manage the centralised collection of gap fees in the family day care and in-home care sectors
- \$8.3 million over four years from 2024–25 (and \$1.2 million per year ongoing) to Services Australia to upgrade the CCS system to support new compliance measures
- \$4.8 million over four years from 2024–25 to the Australian Taxation Office to ensure satisfactory engagement with the Australian tax system regarding fitness and propriety requirements of existing and new care providers
- \$1.3 million over four years from 2024–25 (and \$0.3 million per year ongoing) to the Australian Transaction Reports and Analysis Centre to assist the Department of Education in identifying individuals of high, unexplained wealth with connections to the early childhood education and care sector

It is interesting to note that the Education Portfolio Budget Statement indicates an allocation of \$14.5 billion anticipated expenditure on the CCS in 2024–25, increasing to \$16.9 billion in 2026–27.

ECA response: We support measures to strengthen system integrity and minimise fraud, but we believe that equity reform should also be an urgent priority. Overall investment in ECEC has grown significantly in recent years, representing growth in provision and higher government contributions, resulting in improved affordability for many families. ECA continues to be concerned about equity of access for children in underserved or unserved cohorts and households, who are prevented from accessing support because of real or perceived barriers, including the Activity Test.



Inclusion measures

Inclusion support

The government will provide \$98.4 million in 2024–25 to help ECEC services increase their capacity to support the inclusion of children with additional needs, through tailored support and funding to services. This adds to the current \$133 million annual appropriation for the ISP.

ECA response: While this top-up funding is welcome, there is no detail on how this funding will be directed, and limiting it to one year leaves the sector with uncertainty and recruitment challenges. Investment needs to be long-term and embedded to build capability across the sector and ensure all children with a disability or additional needs are supported.

Closing the gap—Education

The government will provide \$110 million over four years from 2024–25 (and \$11 million per year ongoing) to accelerate action towards the National Agreement on Closing the Gap Priority Reforms in the Education portfolio and extend programs supporting education outcomes. Funding includes:

- \$32.8 million over two years from 2024–25 for the Clontarf Foundation to extend its existing program for the 2025 school year to support school engagement for at-risk First Nations young men
- \$29.1 million over four years from 2024–25 (and \$8.7 million per year ongoing) to support national First Nations peak organisations National Aboriginal and Torres Strait Islander Education Corporation and SNAICC—National Voice for our Children to partner with government on matters affecting First Nations children
- \$27.5 million over three years from 2024–25 to extend the existing programs, the Australian Indigenous Education Foundation Scholarship Program, the Australian Institute for Teaching and School Leadership’s Indigenous Cultural Responsiveness Initiative and English Language Learning for Indigenous Children, which aim to improve educational outcomes for First Nations students
- \$18.2 million over four years from 2024–25 (and \$2.2 million per year ongoing) to develop a new First Nations education policy and engage with First Nations stakeholders
- \$2.4 million over three years from 2024–25 to finalise and implement the First Nations Teacher Strategy to improve the recruitment and retention of First Nations teachers
- \$3.5 million over four years from 2024–25 to improve health outcomes for First Nations women and babies by enabling Birthing on Country programs to provide culturally safe, continuous midwifery care.

ECA response: ECA welcomes additional investment in Closing the Gap initiatives—including funding for SNAICC and Australian Institute for Teaching and School Leadership to provide advice to government. Solutions that offer culturally safe, First Nations - designed and led initiatives to support Aboriginal and Torres Strait Islander children to engage in care, education and learning will always be welcome as long as adequate consultation takes place. ECA looks forward to supporting the government in delivering these initiatives and ensuring that the education-focused initiatives are also offered to the early education sector.



National Commissioner for Aboriginal and Torres Strait Islander Children and Young People

The government will provide funding of \$5.9 million over two years from 2024–25 to establish interim arrangements for the National Commissioner for Aboriginal and Torres Strait Islander Children and Young People (National Commissioner). From mid-2024, the interim National Commissioner will lead the establishment of an Office of the National Commissioner to act to protect and promote the rights, interests and wellbeing of Aboriginal and Torres Strait Islander children and young people. The interim National Commissioner will consult with First Nations stakeholders to inform the full suite of functions for the ongoing statutory role of the National Commissioner and the Office of the National Commissioner, which will be established under legislation.

ECA response: ECA welcomes the provision of an interim National to commence important consultations with First Nations stakeholders. We look forward to supporting the work of the Office of the National Commissioner.

Family support measures

Paid parental leave

As announced in the lead up to the Budget, the government will spend \$1.1 billion to pay superannuation on government-funded Paid Parental Leave (PPL) for parents of babies born or adopted on or after 1 July 2025. Families will receive 12% superannuation on their 20 weeks of parental leave from July 2025. This builds on commitments in the Budget last year to extend the PPL scheme to up to 26 weeks by July 2026.

ECA response: ECA welcomes the provision of superannuation on government-funded 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 parent–child bonding, and should not be a time that parents are worrying about impacts on their future financial position. Providing superannuation on PPL will help to ensure that for about 180,000 families each year, taking parental leave does not lead to unequal savings. Ultimately, ECA would like to see PPL extended to 52 weeks to allow families more choice on how they balance work and family responsibilities and more opportunity to focus on adjusting to parenthood and parent–child bonding.

Early Years Strategy—Aligning investment

The government will provide \$14.3 million over five years from 2024–25 to extend and expand existing community support for parents and caregivers to improve child outcomes in line with the Early Years Strategy. Funding includes:

- \$4.8 million over two years from 2024–25 for the Fathering Project
- \$4.6 million over two years from 2024–25 for the Raising Children Network
- \$4.3 million over two years from 2024–25 for the Supporting Expecting and Parenting Teens Program, administered by the Brave Foundation
- \$0.4 million over five years from 2024–25 to establish a Parents and Carers Reference Group, whose activities will provide information and support for parents and caregivers of young children.



ECA Response: While the costs of the measure to extend and expand existing community support for parents and caregivers will partially come from the Department of Social Services, the Budget has not designated funding for the implementation of the first Action Plan of the newly released *Early Years Strategy*. ECA looks forward to the future commitment of the government to the complete funding and implementation of an Early Years Strategy that can deliver on its promise for every young child wherever they live in Australia.

National Disability Insurance Scheme—Getting the NDIS back on track

The government will provide \$468.7 million over five years from 2023–24 (and \$37.9 million per year ongoing) to support people with disability and get the NDIS back on track. Funding includes:

- \$160.7 million over four years from 2024–25 (and \$24.6 million per year ongoing) to upgrade the NDIS Quality and Safeguards Commission’s information technology systems, to better protect the safety of NDIS participants, reduce the regulatory burden on NDIS providers and improve cybersecurity
- \$129.8 million over two years from 2023–24 for design and consultation work to respond to the findings of the independent NDIS Review
- \$83.9 million over two years from 2023–24 to boost fraud-detecting information technology systems at the National Disability Insurance Agency (NDIA), to further safeguard the integrity of the NDIS
- \$45.5 million over four years from 2024–25 (and \$13.3 million per year ongoing) to establish the NDIS Evidence Advisory Committee, to provide independent and transparent advice to government on the efficacy and cost-benefits of types of supports funded by the NDIS
- \$23.5 million over two years from 2024–25 for Services Australia to continue fraud investigation and response activities as part of the Fraud Fusion Taskforce
- \$20 million over two years from 2024–25 for initial design and consultation work on reforms to help participants and people with disability navigate services
- \$5.3 million in 2024–25 for the Independent Health and Aged Care Pricing Authority to work with the Department of Social Services and the NDIA to undertake initial work to reform NDIS pricing arrangements, including reviewing existing pricing approaches and developing a pricing data strategy.

The government will also establish the NDIS Implementation Advisory Committee and the NDIS Implementation Working Group, to oversee implementation of reforms recommended by the independent NDIS Review and agreed by the government.

ECA response: ECA welcomes the strengthening of safeguards and the development of navigation supports in consultation with families. ECA also welcomes the focus on evaluation and building the evidence base, anticipating that this will include a focus on the needs of young children and families.

Outcomes Fund

The government will provide \$4.7 million over three years from 2024–25 (and an additional \$0.8 million from 2028–29 to 2033–34) to establish, manage, and evaluate the \$100 million Outcomes Fund. The Fund will focus on outcomes for families and children to prevent cycles of intergenerational and community disadvantage, barriers to employment and inclusive employment models, and housing needs of vulnerable and homeless Australians and those moving beyond short-term crisis care. The federal government will



partner with state/territory governments and social enterprises to tackle disadvantage by funding projects that deliver outcomes in communities.

ECA response: ECA welcomes place-based approaches that allow people in local communities to be experts in their own lives and encourage significant consultation with communities, services and families to deliver locally contextualised solutions.

Gender-based violence

The government has committed an investment of almost \$1 billion to establish the Leaving Violence Program. The Government will provide \$925.2 million over five years from 2023–24 (and \$263.3 million per year ongoing) to make permanent the Leaving Violence Program, which will provide financial support, safety assessments and referrals to support services for victim–survivors leaving a violent intimate partner relationship.

ECA response: The impact of domestic and family violence on children is devastating and so often enduring. Acknowledgement by the government of the significant challenges that women face in leaving violent intimate relationships is welcome. However, systemic change is essential, as is the ongoing and greater investment in well-established, evidence-based and multidisciplinary frontline service providers that are already working with families. Further investment in frontline responses is needed.

Workforce measures

Higher education debts

The budget offers some relief for students and people with student debt. It was announced that the government would cap the Higher Education Loan Program (HELP) indexation rate, eliminating about \$3 billion of student debt. The capped rate will ensure indexation matches either the consumer price index or wage-price index, whichever is lower, so that growth in debt does not outpace wages growth. This change will be retroactively applied from 1 June 2023.

ECA response: This measure will bring welcome debt relief to many early childhood educators and teachers who will have student loans. While ECA welcomes support to address the long-term costs of paying back the cost of a teaching degree, measures to address affordability to enter study need to remain an area of focus to ensure equity and diversity in our early childhood workforce.

Paid practicum support

The government will also introduce payments for student teachers, nurses and social workers to complete practicums that are required for their qualification from July 2025. Announced before the Budget, the government will support teaching students (along with nursing, midwifery and social work students) to undertake practicum placements by providing a Commonwealth Prac Payment of \$319.50 per week for the duration of their placement. The aim of this measure is to alleviate the financial impact of mandatory placements and to increase retention in (and completion) of courses for careers in sectors experiencing shortages—including the early education and school education sectors.



ECA response: ECA welcomes measures to reduce ‘placement poverty’ for pre-service early childhood teachers. However we remain concerned that the ongoing lower remuneration of early childhood teachers and educators means that the return on the investment into an early childhood teaching qualification takes a long time to be realised. The \$319.50 a week for paid practicums will be a means-tested payment and insufficient to cover the living costs of students.

Other measures

- ECA welcomes the continued investment in Jobs and Skills Australia and the ten new Jobs and Skills Councils, noting they have expressed interest in supporting ECEC workforce planning to identify future needs and capacity.
- The government has announced they will limit universities accepting enrolments of international students based on a formula that connects to the availability of housing.
- The government has promised an \$11.3 billion package aimed at boosting the supply of social and affordable homes. An increase of 10% in Commonwealth Rent Assistance has also been announced. Recognising that safe and affordable housing is critical to every family, we welcome these measures, and particularly commend the \$4 billion investment in remote communities in the Northern Territory to help close the gap between Aboriginal and non-Aboriginal Australians.
- There are a number of small business investment measures, such as the instant asset write-off and support for improved energy efficiency, that may benefit some early childhood services.

Conclusion

Overall, the 2024–25 federal budget provides optimism for the future, flagging broader reform in response to the Productivity Commission’s *Inquiry into Universal Early Childhood Education and Care* and the recommendations of the ACCC’s *Childcare Inquiry*. The context for reform will be strengthened if educator wage increases deliver stability and growth to the workforce. ECA looks forward to working with the government to engage with the early childhood sector and families to inform a system that supports every child to thrive and learn.



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