

GENDER LENS ON THE 2024 BUDGET

Key policy in discussion	Early Childhood Education and Care
Portfolio and or agency	Education
Date Issued	26 May 2024
Key author/s of this budget analysis:	Dr Mary Welsh Social Policy Committee, NFAW
Chair, Social Policy Committee NFAW:	Prof. Helen Hodgson: h.hodgson@tpg.com.au

Key Portfolio Issues

The NFAW welcomes the Australian Government's greater focus on a range of systemic issues affecting women in the [Women's Budget Statement 2024-25](#) and the [Working for Women: A Strategy for Gender Equality](#). These include achieving a better balance for women between paid and unpaid care through better access to affordable and accessible early childhood education and care (ECEC) and addressing the low pay and status of workers in the care economy (92 per cent in ECEC being female). However, the ECEC measures announced in the 2024-25 Budget are modest, with little detail provided on how they will address current workforce shortages or address the affordability and accessibility of ECEC for families.

Budget Measures

The [2024-25 Budget](#) includes a commitment to improving wages for workers in two important care sectors of the economy: ECEC and aged care. These fiscal supports are intended to complement other actions being taken through the industrial relations system to improve wages and job quality in these growing essential services. No detail was provided in the Budget on how much funding will be committed to supporting ECEC educator pay increases.

The National Foundation for Australian Women is a feminist organisation, independent of party politics and working in partnership with other women's organisations. NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres.

The [Budget Paper No.2](#) indicates on page 86 that the Government will invest \$30 million over two years from 2024–25 in IT and payment services to deliver on its commitment to provide funding ‘towards a wage increase for the ECEC sector’. This will support a response to Fair Work Commission processes as they relate to the ECEC sector.

In another measure to support future workforce, the cross-portfolio section of the [Budget Paper No.2](#) on page 62 indicates that \$427.4 million will be provided over four years from 2024–25 to establish a new *Commonwealth Prac Payment* of \$319.5 per week (benchmarked to the single Austudy rate) from 1 July 2025 for tertiary students undertaking supervised mandatory placements as part of their nursing (including midwifery), teaching or social work studies. There will be an additional \$1.2 billion from 2028-29 to 2034–35 for these prac payments. In principle, this should benefit eligible early childhood teachers (ECTs) undertaking practicums during their four-year degree program, and possibly also some ECEC educators undertaking VET certificates and diplomas. The Government [estimates](#) that, in total, around 68,000 higher education students and 5,000 VET students will be eligible for the payment.

[Budget Paper No.2](#) indicates 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 *Child Care Subsidy* program. These ‘Child Care Subsidy Reform’ measures will not benefit families directly, but are intended to address ECEC provider and service fraud and non-compliance activities.

Child Care Subsidy Reform – further measures for strong and sustainable foundations

Payments (\$m)

2023-24	2024-25	2025-26	2026-27	2027-28
Services Australia	- 5.6	1.5	1.2	1.2
Australian Taxation Office	- 2.3	1.9	0.3	0.2
Australian Bureau of Statistics	- 0.5	-	-	-
Australian Transaction Reports and Analysis Centre	- 0.3	0.3	0.3	0.3
Department of Education	- -6.5	-141.3	-143.3	-135.6
Total – Payments	- 2.2	-137.6	-141.4	-133.9

Commonwealth of Australia (2024). [Budget 2024-25. Budget Measures: Budget Paper No.2](#). p. 86.

The Government also will provide \$98.4 million in 2024–25 to help child care services increase their capacity to better support the inclusion of children with additional needs (including children with a disability) through tailored support and funding to services. This measure extends the [2023–24 Mid-Year Economic and Fiscal Outlook](#) (MYEFO) measure titled *Child Care – additional support*. The cost of this measure will be met from a reprioritisation of funding from the 2024– 25 Budget measure titled measure mentioned above, *Care Subsidy Reform – further measures for strong and sustainable foundations*. It is not clear why this additional funding is limited to one year only.

Inclusion Support Program – additional funding

Payments (\$m)

2023-24	2024-25	2025-26	2026-27	2027-28
Department of Education	- 98.4	-	-	-

Commonwealth of Australia (2024). [Budget 2024-25. Budget Measures: Budget Paper No.2](#). p. 88.

Gender implications of the budget measures

The NFAW welcomes measures that commit to addressing ECEC educators’ low pay and the provision of additional support for inclusion of children with additional needs in ECEC.

Workforce shortages are a critical issue across Australia, limiting ECEC services’ ability to offer families adequate access to ECEC. The Commonwealth Prac Payment announcement is welcome, as more four-year trained ECTs will be required to deliver preschool/kindergarten in jurisdictions across the country that are expanding access to three year olds.

It is disappointing that little detail was provided in the Budget on the Government’s commitment to support wage increases for ECEC educators. We agree with the [Centre for Future Work](#) analysis that the language in the Budget around Government’s commitment to provide funding ‘towards a wage increase’ is positive but vague. It falls short of a commitment to fully fund wage increases for ECEC workers that are a likely outcome of FWC processes. The FWC has yet to complete its Annual Wage Review and Gender Pay Equity Research exercise. In the meantime, ECEC educators on very low pay are experiencing the cost of living crisis and many [can’t afford to stay in their jobs](#).

The [Women's Budget Statement 2024-25](#) and [Working for Women: A Strategy for Gender Equality](#) emphasise the importance of achieving a better balance between paid and unpaid care and addressing gendered norms and stereotypes about caring. The [Workforce Gender Segregation in Australia](#) technical report (April 2024) prepared for the interjurisdictional Women's Economic Outcomes Senior Officials Working Group of the Council on Federal Financial Relations concludes that the undervaluing of feminised jobs – that is, jobs that are female-dominated and often associated with caring – can be partly attributed to gender norms that devalue care and service work. This points to some deep-seated issues that underpin the gender pay gap and undermine women's economic security.

We note that there were no specific measures in this Budget for low income families and First Nations children to access affordable ECEC, although we acknowledge there was some progress on making ECEC more affordable through implementation of the Government's [Cheaper child care for more Australian families](#) measures from July 2023. More needs to be done for these groups to ensure easier and more affordable access to ECEC.

The key change that the NFAW is calling for, together with many other ECEC stakeholders and organisations, is the relaxation or (preferably) abolition of the Child Care Subsidy activity test. The activity test is not working well for families – many families cannot access sufficient subsidised hours of care and women already in the workforce often cannot work additional hours or days owing to the high cost of unsubsidised care, even if working full-time. It is also [limiting access to ECEC](#) for children who would benefit most from quality ECEC.

We advocate for women's workforce productivity and economic security to be boosted by access to more affordable, accessible ECEC, moving to a 90 per cent subsidy over time. Enhanced ECEC provision will also support the Government's recently released [Early Years Strategy](#) – high quality, accessible ECEC is important for children's well-being and early development, as well as human capital development.

Recommendations

To strengthen and improve ECEC across Australia and women's workforce participation, the NFAW calls for:

- more accessible and affordable ECEC across Australia for all families and, in particular, for low income families, First Nations families, migrant families and children with additional needs (in particular, those with a disability)
- relaxation (or preferably abolition) of the Child Care Subsidy activity test, with children's entitlement to 30 hours of ECEC, or at least three days per week, irrespective of their parents' work/study/volunteering activity
- tangible, funded measures to address ECEC workforce supply and retention, including better pay, status and working conditions
- a clearer commitment by Government to fully fund the ECEC wage increases that are likely to arise from FWC processes and decisions
- more cooperation and coordination between Australian Government, state and territory governments and local governments for better planning, monitoring and regulation of the ECEC sector and families' out of pocket ECEC costs
- reducing complexity for families in navigating the ECEC system and funding, through improving information via government websites, Centrelink, ECEC services and outreach support services.

We acknowledge that in this Budget the Australian Government was not able to consider the recommendations of the Productivity Commission [Inquiry into ECEC](#) as the Commission has yet to provide its final report in June 2024. The NFAW made submissions to the Inquiry in [April 2023](#) and [February 2024](#), including recommendations listed above. It will be important for the Government to consider and respond to the Commission's recommendations alongside those of the Australian Competition and Consumer Commission (ACCC) [Childcare Inquiry](#). Both reports require serious consideration by all levels of government as the provision of quality, affordable and accessible ECEC and improvements to pay, status and working conditions in the care economy are key issues for women's economic security, as well as Australia's economic prosperity.