Gender Lens on the 2026 Budget

Policy area:	Early Childhood Education and Care
Portfolio / agency:	Department of Education
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Key Portfolio Issues

The 2026-27 *Women's Budget Statement* affirms that the Government is committed to building a universal Early Childhood Education and Care (ECEC) system, improving affordability and access and supporting fair remuneration across the care economy.

Only one new funding measure was announced in the 2026 Budget to support this goal – an additional $54.8 million for the Inclusion Support Program in 2026–27. Other funding measures to build a universal ECEC system were announced in previous Budget cycles, indicating these reforms are incremental. They include the 3 Day Guarantee, the ECEC Worker Retention Payment, Building the Early Education Fund and joint commitments with states and territories to ECEC quality and safety, all of which are being implemented.

Budget Measures

Budget announcements for ECEC in *Budget Paper No. 2* need to be considered in the broader context of program expenses in the Department of Education's Portfolio Budget Statements (PBS 2026-27) and the *Women's Budget Statement* narrative on ECEC reform.

The bulk of ECEC funding relates to the Child Care Subsidy, with around $16.9 billion expenditure projected in 2026-27, extending to around $21.1 billion in 2029-30 (PBS 2026-27, p.31).

As announced in the 2026 Budget, the Australian Government will invest a further $54.8 million in the Inclusion Support Program (ISP) to help ECEC services increase their

capacity to support the inclusion of children with additional needs. This brings ISP funding for the 2026-27 year to $114 million.

Supplementary Funding for the Inclusion Support Program

Payments ($m)

	2025-26	2026-27	2027-28	2028-29	2029-30
Department of Education	-	54.8	-	-	-
Total — Payments	-	54.8	-	-	-

Source: 2026 Budget Measures, Budget Paper No 2, p.81.

In addition, under the Health, Ageing and Disability Portfolio Budget measures, there was an announcement of $139.7 million over five years from 2026–27 to facilitate Thriving Kids services for children in early childhood education and care settings, with funding held in the Contingency Reserve pending consultation and design with states and territories.

Thriving Kids

Payments ($m)

	2025-26	2026-27	2027-28	2028-29	2029-23
Department of Education	-	2.8	1.8	1.9	0.4

Source: 2026 Budget Measures, Budget Paper No 2, p.112.

The Australian Government announced it will invest a further $17.6 million to enhance and expand the functionality of the National Early Childhood Worker Register (National Register). This was previously announced in the 2025-26 Mid-Year Economic and Fiscal Outlook (MYEFO). The National Register is a key part of the Australian Government's $226 million package of safety reforms to ECEC.

The Government has also stated it intends to work with the states and territories to consider the potential development of a national Early Education and Care Commission recommended by the Productivity Commission in 2024.

Gender implications of this budget measure

The additional $54.8 million allocated in the Budget for ISP funding for children with additional needs is welcome, though very modest – it is also limited to 2026-27.

It is disappointing that there were no measures to address the **high cost of ECEC** at a time when Australia is experiencing a cost-of-living crisis. For many families paying out-of-pocket fees, ECEC is the second largest household expense after housing. Women, in particular, are relying on subsidised ECEC in order to be able to work and manage work-life-family balance. The Australian Bureau of Statistics highlights that around 44 per cent of women unable to start work cite child care as their main barrier. This significantly affects their career progression, lowers lifetime earnings and reduces superannuation balances.

There was nothing in this Budget to address **ECEC accessibility**. Access to affordable ECEC remains a key issue for women wanting to work, or to work more. The Government's '3 Day Guarantee', which commenced in January 2026, does not guarantee a place in an ECEC service. Finding an ECEC place is still difficult for families, particularly in 'thin markets', regional and remote areas. We continue to have child care 'deserts and oases' across Australia, with approximately 35 per cent of the population (around nine million people) living in child care deserts.

There were missed opportunities in the Budget to support initiatives proposed by Early Childhood Australia in their Pre-Budget Submission to address ECEC accessibility, such as development of a community needs analysis and mapping tool, and the piloting of flexible models of ECEC for small communities. SNAICC, who advocate for Aboriginal and Torres Strait Islander children, were also disappointed by the lack of funding commitment in the Budget for programs such as the Early Years Learning Support Program.

A key issue going forward is proper valuing of women's work in the care sector and implementation of the Fair Work Commission's changes to the Children's Service Award in March 2026, as a result of the FWC's *Gender-based underevaluation priority awards review*. The 2026-27 Budget did not include any details on the future of the Government's ECEC Worker Retention Payment. When announced in December 2024 (MYEFO 2024-25), the ECEC Worker Retention Payment was to cost $3.6 billion over three years, to support a 15 per cent wage increase for ECEC workers over two years from December 2024. The 2026 Budget did not provide any assurances that these

payments will continue beyond November 2026. For a sector still managing significant workforce pressures, the absence of a clear extension leaves important questions about wage sustainability, provider viability and the risk of further workforce attrition if services are unable to maintain higher wage rates beyond the funded period.

Recommendations

The Albanese Government's universal child care plan has significant support among advocacy groups, including NFAW. While key ECEC policy reform and expenditure measures were announced in previous Budget cycles, expectations of ongoing reform with each Budget remain high within the ECEC sector and among families.

We fully support the Government's ECEC quality and safety measures agreed with state and territory governments last year, following reviews, investigations by the ABC and a Senate Inquiry. However, ECEC reforms must not stop there or lose momentum.

We strongly advocate for renewed effort and ongoing support by all governments (federal, state and territory) and the ECEC sector for:

- Better pay, working conditions, professional development and pathways for ECEC educators
- More affordable and accessible ECEC for families, moving to a free, universal system of ECEC with support for early childhood development
- Monitoring access to and availability of ECEC across Australia (including unmet demand), with a particular focus on families living in disadvantaged, regional or remote areas
- Development of flexible ECEC care models that support women's workforce participation, including outside school hours and vacation care
- Increased support for children with additional needs, and for Aboriginal and Torres Strait Islander children to 'close the gap' in outcomes
- Children's access to two years of quality preschool/kindergarten prior to beginning school.