

2024-2025 Federal Budget

What does this mean for Education?



Group Economics overview of the Budget

The significant budget announcements were in line with media reporting and pre-positioning over recent days. In many ways the Budget is much more interventionist in its strategy - aiming to boost growth in critical areas and directly easing cost of living pressures.

In terms of new policy announcements, the key headlines include the Future Made in Australia program (including solar panel manufacturing in the Hunter Valley and Quantum computing investments) and the extension of the small business instant asset write-off applicable to around 4 million businesses. There is also a health package with around \$3.4bn for new PBS medicines and a freeze in the price of PBS medicines for a year for all individuals and 5 years for pensioners.

The education sector sees some significant policy announcements with cuts to HECS debts (around \$3bn on 2023 indexation). A student cap has been introduced but the exact amount will depend on a formula including how much accommodation each university provides for their students.

In addition to the stage 3 tax cuts, cost of living relief comes via the Energy bill relief packages (\$3.4bn) and the rental assistance package (\$2bn). Beyond that there are large spending programs on funding wage increases in aged-care and childcare sectors.

With added spending in these areas and the increased drag from lower commodity prices and a weaker labour market alongside the stage 3 tax cuts the Budget surplus of around \$9.3bn in 2023-24 quickly returns to deficits of around \$28.3bn in 2024-25 and nearer \$43bn in 2025-26. The potential for more election-related spending remains a risk.

Overall, the budget is expected to see a small structural deterioration over the next few years but with some claw back into 2026-27 and beyond. The Government's own parameter estimates suggest that just about all the deterioration in the budget position is from new expenditure. Meaningful attempts to address structural deficits have been pushed out though Australia's debt position remains low by international standards.

Economic outlook & implications

While the decisions taken in this year's budget are on balance a loosening in policy, they only marginally add to the RBA's difficulty in returning inflation to target and our initial assessment is they do not have a material impact on our expectations for the growth outlook or the path of inflation and monetary policy.

In terms of the economic outlook, the expected pattern of forecasts is broadly similar to ours with Treasury expecting GDP growth around 2% in 2024/25 and 2.3% in 2025-26. We are at 1.9% and 2.3% in 2025-26. We are however more concerned about the very short run outlook (Treasury 1¾%, NAB 1.5%). Our labour market outlook is similar to the Treasury with unemployment peaking around 4½% by mid-2024, and likewise we see wage growth peaking around current growth rates (4¼%) and edging down somewhat in the out years.

Notably, the Budget forecasts a more rapid improvement in inflation in the near term than we or the RBA have been expecting, seeing headline inflation of 2.75% by mid-2025 (NAB 3.0%, RBA 3.2%). This largely reflects the impact of energy and rent subsidies on measured inflation – an effect which the RBA is certain to look through when setting monetary policy. Nonetheless, at this stage we don't see the fiscal deterioration as being sufficient to change our rate view, still seeing rates on hold until late this year.

Setting the Scene: Education

The Education sector is an essential part of Australia's social infrastructure, promoting equity and social cohesion and driving employment, productivity and economic activity. It also provides generational health and wellbeing benefits. Australia's well-developed education system is highly regarded globally, but the sector is not without challenges, and the needs of a more diverse student population have become more complex.

OECD data shows that across all levels from primary to tertiary education, Australia spends US\$15,620 annually per full-time equivalent student (adjusted for purchasing power and including expenditure on research and development), compared to the OECD average of US\$12,647. Expenditure per student is equivalent to 29% of per capita GDP, which is above the OECD average of 27%.

Although Australia has higher spending than the OECD average at most levels of education, ECEC and VET programmes are less well-funded than other education levels, despite being national priority areas and where returns on investment may be highest.

Childcare

Early childhood education is essential in ensuring young Australians have the foundational skills to develop the competencies they will need over their lifetime. The first five years of a child's development are critical - with estimates suggesting 90% of brain development occurs by the age of five.

Early childhood education and care is delivered by approved providers and services. The Government subsidises the cost of care and administers the Child Care Subsidy (CCS) through the Department of Education and Services Australia. It is paid to approved providers who pass it on to families as a fee reduction.

Participation in early childhood education and care, particularly pre-primary, has risen considerably, and early childhood educators are the most in demand teachers. Over 1.4 million children, from 1 million families attended a CCS approved service in 2023, up 1.1% from a year earlier, 49.2% of all children aged 0 to 5 used approved care nationally and demand for places continues to increase.

Attracting and retaining staff remains a key issue for the industry, with 16.5% of the nation's 9,000 Long Day Care providers currently operating with a staffing waiver. WA and SA, with 26% and 27% of services operating with a waiver, are particularly affected by the lack of qualified staff.

Pleasingly, quality in the sector continues to improve with 90% of operators now meeting or exceeding the National Quality Standards, up from 84%, 3 years ago.

The ACCC Childcare Enquiry concluded in Dec 2023 reporting that daily childcare fees increased 10% YoY, however out of pocket expenses for parents fell 8% over

the same period, due primarily to the governments Cheaper Child Care policy which reset subsidy rates for all families earning up to \$530k.

A draft report released by the Productivity Commission on early childhood education and care in late-2023 urged the federal Government to modify the Childcare Subsidy to increase access to early childhood education for children from all backgrounds. Among key recommendations, it called on the Government to alter the childcare subsidy to allow all families to access up to three days of subsidised care a week, regardless of how many hours they work. It also called for families with an annual income of \$80,000 or less to become eligible for a 100% subsidy, up from the current 90%. The commission also recommended measures to expand the workforce by removing barriers to educators improving their skills, giving incentives to universities who trial new approaches to teacher education and better mentoring.

Schools

According to the Australian Bureau of Statistics (ABS), 4,086,998 students were enrolled in schools across the country in 2023, an increase of 44,486 students (1.1%) from 2022. The majority of students were enrolled in Government schools (64.0%), followed by Catholic schools (19.7%) and independent schools (16.3%).

Australia's Independent schools continue to thrive despite major challenges facing the nation's education system. Enrolments are growing at a faster rate than those at public schools, despite interest rate rises and cost of living pressures. Parents (and grandparents) are willing to make sacrifices and one of the things they rate very highly is quality education and having choices where to educate their children.

Australians are clearly preferencing education as a spending category. NAB research shows while Australians across the income and age spectrum are responding to cost of living pressures by cutting back or cancelling their spending in most areas, they remain most reluctant to cut back on education and spending on children. Consumers are much more likely to pull back on eating out, entertainment or driving their cars to save petrol, than education.

Australian schools are funded through a combination of Commonwealth funding, state and territory government funding, and funding from fees, charges and other parental or private contributions. For government schools in most states and territories, the payment of fees by parents and guardians is voluntary and the fee levels are low but have risen. Fee levels at non-government schools vary and are set by schools in consultation with their parent community.

There were 311,655 full-time equivalent teaching staff in Australian schools in 2023, an increase of 1.4% from 2022. The student to teaching staff ratio for all schools in 2023 was 13.1 students to one teacher, but higher in primary

schools (14.3 students to one teacher) than secondary schools (11.8 students to one teacher). Independent schools had a lower student to teacher ratio in 2023 (11.8 students to one teacher) than government and Catholic schools (13.4 students to one teacher).

Though average ratios are broadly in line with OECD averages, Australian schools are facing unprecedented teacher supply and retention challenges, with workforce shortages one of the biggest issues in all school sectors and early childhood education settings in Australia. Declining numbers of new graduate teachers and students choosing to study teaching at university, increasing demand from a growing student population and an ageing teacher workforce are all contributing to teacher shortages. The federal government predicts there will be shortages of more than 4,000 high school teachers in public schools next year.

NAB Education research shows that around 2 in 3 students view insufficient pay as a key barrier to them wanting to become a teacher. Many non-government schools have been offering pay rises to attract and retain teaching staff and recognise teacher workload.

At the same time, households continue to be stretched by cost of living pressures and these are also flowing through to the cost of school operations, forcing many to adjust their fees to cover rising costs. Growth in demand for private tutors among both government and non-government school students, is adding to schooling costs over and above tuition.

Housing affordability is another challenge for households with many Catholic and Government schools having zoning restrictions, prompting some families to relocate to fall within a preferred “catchment zone”. As a result, property prices in highly sought-after school locations can attract a considerable premium both in terms of sale prices and rent.

More generally, Australian home values continue to trend higher, with the mid-sized capitals (particularly Perth), continuing to lead the pace of growth. Advertised rents are also growing strongly. Population growth and increased demand for housing per person over the pandemic, continues to prove stubborn even to rapid price rises.

Growing numbers of children are presenting with social anxiety disorders and there are rising levels of school refusal. NAB Education research shows that 1 in 4 Australian students identify as having low wellbeing and almost 1 in 2 say they are not coping with their mental health concerns. Educators acknowledge the crucial role of supporting student wellbeing, despite the added pressures it places on budgets, teachers, and support staff. NAB’s research also shows students at public high schools report lower levels of emotional & mental wellbeing and are struggling most with their mental health or worries.

The impact of social media on the mental health of young people is an ongoing concern for many parents and educators. The federal government has already announced funding for an age assurance trial to address children's access to age inappropriate content online, including on social media. In an Australian first, the South Australian government recently announced they would explore banning children under 14 from having social media accounts in that state. Moreover, children aged 14 and 15 would be required to have parental consent to have social media access. The SA government has said this is a response to concerns from experts and the wider community about how social media platforms were exposing children to illegal content and cyber bullying.

The OECD’s Education Policy Outlook for Australia published in 2023 also reports ongoing issues with bullying in Australian schools - reportedly three times the global average. NAB research has also previously highlighted a very large number of students identifying physical (1 in 3 students) and cyberbullying (1 in 4 students) as very significant problems at their school.

Notwithstanding challenges, Australia continues to have a high level of education attainment. In 2023, 90% of people aged 20-24 attained a qualification at year 12 or certificate III level or above. Australian students performed above the OECD average in student performance levels according to the latest PISA international test results for 2022 (the OECD's Program for International Student Assessment), ranking in the top 10 OECD countries.

However, the OCED also notes that Australia’s relative performance was mainly due to other countries falling lower, with data showing a large proportion of Australian students still failing to meet the National Proficient Standard and a steady trend decline in performance across reading, maths and science performance since first participation in 2000. Moreover, NAB Education research found that just 1 in 4 high school students award themselves an “excellent” score for sciences and maths and only 1 in 5 for English, technologies and languages.

Universities

Stronger public universities are vital to the success of dynamic, innovative economies, and more inclusive labour markets. But there are a number of concerns including funding, governance, and affordability of attending university. For example, a study by the Australia Institute Centre for Future Work found university fees in Australia high by international standards. Tuition fees make up 51% of total funding for universities in Australia, compared to the OECD average of 22%. Degrees are also becoming more expensive for students. Average HELP debt has doubled since 2008, increasing from \$12,990 to \$24,771 in 2022. The government has already announced that it will address student debt by indexing HECs and Help debts to the lower of the consumer price index or the wage price index, backdated to June 2023, impacting about 3 million graduates.

Further study features prominently in the plans of most students beyond school. NAB's research shows nearly 8 in 10 students expect to go to university after they finish high school. Noticeably more girls than boys plan to continue their studies at university (84% of girls compared to 71% of boys).

International students have become of increasing importance to the collective health of the university sector, making up around 26% of students enrolled at tertiary level. According to ABS data for international arrivals, there were 175,950 international student arrivals to Australia in February 2024, an increase of 33,370 compared with the corresponding month of the previous year. The number of student arrivals in February 2024 however was still 4.3% lower than the pre-COVID levels in February 2019.

Of concern for the sector, the government has already announced plans to introduce legislation to cap the number of students that can be enrolled in Australian universities and colleges, as well as to diversify their origins and subjects taken. The overwhelming majority of onshore international students study in Sydney, Melbourne, and Brisbane. Slower growth in the total student population is designed to help the government reduce annual migration levels and to ease national housing demand. Should educators wish to exceed cap limits, they are expected to be required to build additional purpose-built student housing.

In response, the sector has expressed concern over the potential speed and severity of any caps and the negative messaging this may send globally that Australia no longer wants international students. It has also been noted that spending by international students has become an important contributor to our gross domestic product. Moreover, it has been argued that revenue generated from international student tuition helps to support research budgets which are significantly underfunded.

Spending by students is captured as an export, despite most international students being counted in the resident population. While the Q4 national accounts showed household consumption growth slowed to just 0.1% year-on-year in 2023, this measure excluded international students' consumption, which is counted as an export in GDP. But, with the return of international students, NAB Economics research showed education exports contributed 0.8ppts to GDP growth over 2023. While some of that was fees, around 60% was consumption of goods and services. If we included that local spending, 'total' consumption growth was 1.1% year-on-year in 2023.

VET

Vocational Education and Training (VET) ensures skills development in a wide range of occupational fields, through school-based and work-based learning. It plays a

key role in ensuring lower school dropout rates and facilitates the school-to-work transition.

Last year the national cabinet signed off on a National Skills Agreement, determining federal and state funding for vocational education and training over the next five years. The federal government will provide \$12.6 billion over five years from January 2024. Much of this was based on initiatives already agreed and updates and renames the National Agreement for Skills and Workforce Development, first set up in 2012. The new agreement brings together governments to deliver a national vocational education and training system, with TAFE "at the heart" of vocational education and training. While industry groups have reacted favourably to the signing of the new agreement, they also noted the importance of a commitment to long-term and substantial increases in VET funding.

The Government has also announced that it would establish a Commonwealth Prac Payment to support students undertaking mandatory workplace placements required for university and vocational education and training qualifications.

It was against these trends that the 2024-25 Federal Budget was framed in regard to education.

What did business want this year?

In its 2024-25 pre-budget submission, **Early Learning and Care Council of Australia (ELACCA)** noted that Australians are increasingly understanding the benefits of early learning and care. But the early learning sector continues to face significant challenges particularly in regard to its workforce.

Key among ELACCA budget recommendations were securing a stable and robust early learning workforce by improving wages and conditions and funding to attract and retain a qualified early learning workforce. They also called for increased skilled migration for qualified early childhood educators and teachers, and removal of the Child Care Subsidy (CCS) activity test to provide all children with a base entitlement of subsidised early learning and care, regardless of their parents' engagement in work or study.

Early Childhood Australia (ECA) also called on the government to fully fund wage increases for early childhood educators and teachers to help address cost of living pressures, stabilise the current workforce and enable growth to meet the Government's policy objectives for universal early childhood education and care. It also called on Government to remove or significantly modify the Child Care Subsidy Activity Test as a step toward universal access to early childhood education and care and an investment in economically vulnerable families.

In addition to improved educator remuneration, the **Australian Childcare Alliance (ACA)** called on government

to incentivise educators to undertake a Bachelor of Education (Birth to Five Years) through conditional waivers on the payment of HECS-HELP Fees, and fund the immediate development and implementation of an early childhood educator recruitment campaign.

Australia's 1,759 Catholic schools educate one in five (or over 800,000 students) and employ over 104,000 Australians according to the **National Catholic Education Commission (NCEC)**. This makes Catholic schools the nation's largest provider of education outside of Government. In its budget submission, the NCEC reinforced the integral role of Catholic education to provide universal, affordable schooling, across Australia and provide families with a genuine choice of a faith-based school in their area.

In its 2024-25 budget submission, the NCEC advised that the Non-Government Reform Support Fund (NGRSF) be continued in alignment with the extension of the National School Reform Agreement. The Commission also noted that Catholic school families contribute nearly 90% of the costs required to support school buildings and other capital works. The NCEC called on Government to increase the Capital Grants Program funding for non-government schools to facilitate the construction of new and expansions of existing, low fee schools particularly in areas of high population growth, and that capital funding be equitably distributed to the Catholic sector to expand early childhood services in areas of need.

Among other recommendations, the NCEC also called for Deductible Gift Recipient status for not-for-profit non-government schools to be retained in order to facilitate the building and maintenance of educational infrastructure. It also called for equal opportunities and financial incentives to be offered to attract teachers to Catholic schools, similar to those provided for government schools. This includes scholarships & bursaries, HECS-HELP relief, allowances in remote, rural and regional areas, housing subsidies, and support for dioceses to construct housing if required.

Independent Schools Australia (ISA) believe schools, students, families, and school communities all need to be supported to thrive and succeed. Ensuring outcomes across all school sectors will be the focus of the next National Schools Reform Agreement. If the ambitions of the Government in the next NSRA are to be a reality, and we are to improve outcomes of all students, it needs to be accompanied by funding that enables Non-Government Representative Bodies (NGRBs) to help Independent schools implement the Government's education reform priorities. The ISA also called on Government to increase resourcing for regional and remote schools to address the disadvantage and increased costs that come with the non-metropolitan provision of education.

Among other recommendations, the ISA asked Government to ensure school funding reflects actual costs of operating schools to provide certainty and stability for

all schools and families in all sectors. The ISA also called on Government to increase capital grant availability to respond to population growth and growing parent demand for school places, enabling growth in Independent schools currently serving low socio-economic communities and/or the building of new schools.

Universities Australia (UA) recognise the strong economic imperative to invest in universities. Jobs and Skills Australia's December 2023 Labour Market Update showed 88% of total employment growth in the year to August was in occupations that typically require post-school qualifications. Moreover, the National Skills Commission (NSC) projects more than 50% of new jobs will require a bachelor's degree or higher by 2050, and the university system will need to support double the number of students currently studying at university to meet Australia's skills demands – growing from 900,000 to 1.8 million in that period.

In its 2024-25 pre-budget submission, UA recommended the government: match initial funding provided for 180,000 fee free TAFE places to provide some fee free university places for disadvantaged students from January 2025; gradually increase the number of Commonwealth supported places; expand placement capacity in nursing and other health professions of known workforce need; further funding for Jobs and Skills Australia to work in partnership with universities to create workforce programs to address national priorities; increase government investment in research and development to at least the OECD average (0.65% of GDP); and increase the rate of PhD stipends to better support higher degree research students whose work is vital to the nation's future.

Amid higher living costs, shortages of affordable housing and requirements to complete lengthy unpaid placements, the **National Union of Students (NUS)** also called on the Government to raise student income support payments, lower Centrelink's age of independence from 22 years old to 18 years old, abolish unpaid mandatory student placements and internships, by removing the loophole which allows them to be unpaid under the Fair Work Act 2009, increase the availability of secure, publicly owned, purpose-built student accommodation to levels that meet growing demand and cap weekly rents for student accommodation at no more than 25% of the average weekly student income

The **Australian Chamber of Commerce & Industry (ACCI)** acknowledged that to meet evolving skills needs, Australia requires a robust education and training system, especially within the Vocational Education and Training (VET) sector. Consequently, the ACCI recommends that government commit to substantial and long-term increases in VET funding to deliver an increase in the number of students by 300,000 per annum across all qualifications, Australian Qualifications Framework levels

and industry sectors to satisfy both skill shortages and skill needs.

The government has signalled a boost to the number of skilled workers in the construction and housing sectors, creating additional fee-free TAFE places and pre-apprenticeships.

What did the Budget actually deliver?

Education was a significant area of expenditure in the 2024-25 budget, accounting for 7.2% of total expenses after social security and welfare (36.3%) and health (15.3%). Total education expenses are estimated to increase by 7.3% over the period 2024-25 to 2027-28, reflecting ongoing investment in schools, higher education, and vocational education and training programs. Expenditure is driven by more funding to states and student enrolment growth, including higher enrolment rates for 'students with disability', which will drive expenses for schools. Increased funding for universities and vocational education under the Australian Universities Accord and National Skills Agreement and the changes to indexation arrangements for outstanding debt for student loans are also estimated to increase expenses.

Childcare

Early learning and childcare received no significant additional funding measures in this budget. Of what has been provided, \$98.4 million for 2024-25 will be to help childcare services increase their capacity to support additional needs children through tailored support and funding to services. This is, however, reallocated funding from other programs.

The government aims to achieve net savings of \$410.7 million over four years from strengthening enforcement of audits of childcare providers, compliance and transactional measures related to anti-fraud and anti-money laundering measures.

Schools

Of the \$110 million in education measures for Closing the Gap over four years, \$32 million is aimed at helping engagement for First Nations students at risk. However, this measure is not additional funding, but reallocated funding from the existing education department budget. There is also \$70.3 million over four years for school education support including literacy, mathematics, digital hubs and open online courses (\$34.6 million), about \$20 million for assessment platforms, and additional money for school improving programs (Good to Great schools, Antbullying collective). This is also partially met by a reallocation of over \$29 million from the National School Reform Agreement.

From 1 July 2025, an estimated 68,000 students in essential services areas (including teaching) will receive a newly introduced Commonwealth Prac Payment of \$319.50 per week for the duration of their mandatory job

placement, which to some extent will help address teacher shortages.

TAFE

The New Energy Apprenticeships and New Energy Skills programs that featured in the previous budget will be expanded. The payments (up to \$10,000) will now be available to those undertaking a traditional trade apprenticeship, provided that an element of the apprenticeship relates to clean energy. The Fee-free TAFE program will receive an additional \$88.8million, over three years, for 20,000 fee-free TAFE and VET places focused on the housing construction sector.

Universities

This budget aims to implement the first stage of the tertiary reforms presented as a response to the Australian Universities Accord final report. One key figure from this is the aim for 80% of working age Australians by 2050 with a tertiary qualification.

HECS/HELP indexation

The single largest item in this year's budget for education are the changes to the metric used for the indexation calculation for HELP, VET student loans and Australian Apprenticeship Award loans. From June (and backdated to include the prior year) the calculation will use the lesser of the Consumer Price Index (CPI) or the Wage Price Index (WPI). At current rates, it effectively halves the rate of indexation from the prior year's spike from 7.1% to 3.2% in 2023 and from 4.7% to around 4% in 2024, and \$239.7 million is allocated over the five years from 2024-25.

From 1 July 2025, an estimated 68,000 students in the essential services areas of teaching, nursing and social work will receive a newly introduced Commonwealth Prac Payment of \$319.50 per week for the duration of their mandatory job placement. This will allow students to avoid what has been termed 'placement poverty' while they complete between 800 and 1,000 hours of compulsory practical placement. It is estimated that this will cost the budget \$427 million over 5 years from 2024-25. Other measures include:

- \$350.3 million is allocated over four years from January 2026 to expand the Fee-Free Uni Ready Course program. This will fully fund courses that help prepare students for entry to universities.
- \$24.6 million is allocated over four years specifically to Charles Darwin university to establish a medical school for the NT. It is expected to fund 40 student positions from January 2026.
- \$19.4 million over four years to establish the National Student Ombudsman from 1 February 2025 as a single, national complaints mechanism.
- \$18.4 million over four years to introduce the National Higher Education code to respond to gender-based violence.

Under the Australian Universities Accord final report, there are also some changes to what and how universities operate. Details on the full cost of these changes are not yet complete given the status of final consultations.

The government aims to establish the Australian Tertiary Education Commission by July 2025 with responsibilities for delivery of funding, data collection and reporting and what the government refers to as ‘harmonisation’. This cost measure is partially offset by the cessation of the Destination Australia program which funded scholarship positions for domestic and international students, saving \$57.2 million over four years.

The Department of education receives \$2.1 million over four years to develop and implement regulations around new purpose-built student accommodation supply linked to any increase of international student enrolments over an initial allocation. The intention is for any increase in accommodation be available to both domestic and international students.

Higher education will be required to direct a minimum 40% of Student Services and Amenities fee to student-led organisations from January 2025.

Provided it can pass parliament, the government will amend the Education Services for Overseas Students Act, providing it the power to set limits on enrolments for each education provider, which includes courses and/or locations.

How did business react?

Universities Australia noted that the Government’s \$3.8 billion down payment on the Australian Universities Accord through the 2024-25 Budget recognised the importance of university graduates and research to Australia’s future. Chair Professor David Lloyd said, “Support for university students is a key focus of this Budget as the Government balances cost-of-living relief with future investment.” UA also noted that the Government’s prioritisation of measures to support students in this Budget was timely and that investing in our universities was necessary for the Government to deliver on its Future Made in Australia agenda as well as other national priorities. UA said it looked forward to more details on the Implementation Advisory Committee which will work with the Government on the rollout of further reforms while providing universities with policy and funding certainty.

Group of Eight (Go8) noted that the Budget rightly focused on providing cost of living relief for students, however looking to the long term and measures to boost productivity growth by investing in research and development (R&D) will be key to underpinning Australia’s future prosperity. Chief Executive Vicki Thomson said: “Budget initiatives to reduce Higher Education Loan Program (HELP) debts including through indexation reform, support for nursing, teaching and social work students during practical placements and other equity-

based initiatives will make a significant difference to Australian students but the long-term legacy of this Budget, this Government and its Future Made in Australia initiative will be how it delivers on the challenges in Australia’s higher education and research systems.”

Go8 also acknowledged the establishment of the Australian Tertiary Education Commission (ATEC) and the Strategic Examination of Australian Research and Development. But much work is yet to be done and they look forward to working closely on the establishment of the ATEC to drive long overdue reform for the system. The Go8 believes the challenge of putting university research on a long-term sustainable footing must be part of the broader remit of ATEC as the steward of an integrated and expanded tertiary education system for the nation.

Independent Schools Australia (ISA) said there was little news for school education in the Budget, as States, territories and the Australian Government continue to negotiate funding and the next national schools agreement. ISA Chief Executive Officer Graham Catt noted that “Every school should be fully and fairly funded, and we look forward to working with the Government to ensure better outcomes for all Australian children and choice for parents,” Mr Catt said. “All schools in all sectors will need resources to enable them to deliver on the Government’s ambitions and agenda for education reform.”

Mr Catt welcomed the Government’s \$2.4 billion in programs to support Indigenous Australians, including \$29.1 million over four years to First Nations early childhood and education peak bodies to advise the Government on issues including a new national First Nations Education Policy and First Nations Teacher Strategy.

The ISA urged the Government to support the Indigenous Boarding Grants Program in the Mid-Year Economic and Fiscal Outlook to prevent school closures and adverse impacts on highly disadvantaged and vulnerable students. They also welcomed the Commonwealth Prac Payment, which the ISA said would provide much needed financial support to student teachers across all school sectors during their mandatory workplace placements.

Childcare workers looking for a reason to stay in the industry will be disappointed at the lack of detail around a much-hyped pay rise in the lead-up to the budget. The budget papers reveal nothing will be finalised until after relevant Fair Work Commission processes have been considered.

The Parenthood welcomed the Federal treasurer’s commitment to fund a wage increase for early childhood educators. CEO Georgie Dent said: “Early childhood educators have been chronically underpaid and undervalued for too long and have been leaving in accelerating numbers because they cannot afford to stay, and they can earn more working in retail”. Ms Dent also noted that women make up 97% of the early childhood

educator workforce and desperately need a wage rise to provide cost of living relief and help boost their own economic security. Also welcomed was the Federal government's recognition that a wage rise is needed to value care, help deliver universal early education and achieve women's economic security. The Parenthood also supported the inclusion of superannuation on paid parental leave from 1 July 2025, the additional \$98.5 million for inclusion support for children with additional needs in early learning, as well as the increased investment in funding SNAICC – the National Voice for First Nations Children. They were disappointed, however, that the Government had not responded to calls to remove or reform the activity test and will continue to advocate for its removal.

The [Australian Childcare Alliance \(ACA\)](#) commenting prior to the Budget celebrated the Government's commitment to fund a wage rise for the Early Childhood Education and Care (ECEC) sector. ACA President Paul Mondo said; "This is a truly significant day in the history of the ECEC sector, particularly for our educators and teachers." The ACA looks forward to working with the Government and other parties in the near future to realise this outcome so the benefit can reach our workforce as soon as possible.

[Early Childhood Australia \(ECA\)](#) also welcomed the Federal Government's commitment to fund wage increases for early childhood educators. The ECA noted that while there was a lack of detail in the Budget papers, a wages decision by the Fair Work Commission is anticipated in June, and details should become clear soon after that. ECA CEO Samantha Page said, "Early childhood educators turn up for families every day and deserve to be recognised as professionals performing a role critical to Australia's long-term social and economic success."

Following a substantial increase to the Child Care Subsidy last year, ECA also urged the Government to remove or amend the Activity Test to deliver more equitable access for children at risk of missing out and families paying too much. The ECA was disappointed that the Government has chosen to wait until after receiving the Productivity Commission's Inquiry into Universal Early Childhood Education and Care before deciding on equity reforms.

The ECA welcomed the additional \$98.4 million allocated in the Budget for the Inclusion Support Program (ISP) to help early childhood education and care services increase their capacity to support inclusion of children with additional needs in the 2024-25 financial year, while recognising that longer term program reform was needed. The ECA also supported the investment in closing the gap measures.

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