

## Budget measures for sector explained

The Australian Government announced new measures in support of the early childhood education and care sector in this week's Federal Budget.

### Preschool Reform Funding Agreement

A new \$2 billion, four-year national reform commitment will strengthen the delivery of preschool and better prepare children to start school, through to the end of 2025.

Under the agreement, the Australian Government will continue to provide a per child contribution to states and territories. In 2022, this will be around \$1340.

The commitment locks in ongoing Australian Government funding beyond 2025, with reforms to be agreed with all states and territories to lift preschool attendance and outcomes.

The funding supports 15 hours of preschool a week – 600 hours a year – for all children in the year before they start school.

[Learn more about Preschool Reform Funding Agreement](#)

### Enhanced Child Care Subsidy

Families will receive more support from the Australian Government with the Child Care Subsidy (CCS) set to be increased for families with multiple children under the age of 6, and the annual cap removed, from July 2022.

From July 2022, we'll increase CCS for families who earn under \$353,680 (2020–21) and have more than one child aged under 6 in care.

We'll increase their subsidy by 30% (capped at 95%) for their second child and subsequent children under 6.

Families earning more than \$189,390 (2020–21) have an annual subsidy cap of \$10,560 per child. From July 2022, we're removing this cap.

These measures will lower out-of-pocket costs for more than 250,000 families in 2022–23, with the Australian Government investing an additional \$1.7 billion through CCS.

[Learn more about enhanced CCS](#)

### Reducing red tape in child care

The Australian Government will provide \$12.6 million over four years to reduce red tape in the child care sector. We'll do this through:

- a centralised child care service website
- improved compliance operations, and
- smoothing the process for Additional Child Care Subsidy.

[Learn more about budget measure on red tape](#)

### More information

- [Learn more about 2021–22 budget for DESE](#)
- [Read Education Minister's budget media release](#)
- [Read Treasurer's full budget speech](#)

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