



**Establish an ongoing non-competitive grant program for ECEC providers and increase capital grants for childcare centres to \$1 billion**

Party:

Independent Member for Indi

Summary of proposal:

The proposal would support early education and care through the following components:

- **Component 1:** change the Community Child Care Fund (CCCF) (Disadvantaged and Vulnerable Communities Grants) from a competitive grant process to a process where funding is allocated based on need.
- **Component 2:** double the capital support provided under the Building Early Education Fund (BEEF) from \$500 million to \$1 billion.

The proposal would start on 1 July 2025.

Additional information (based on further advice provided):

Under component 1 of the proposal, applicants from Round 4 of the CCCF who were found to be eligible against the stated criteria but did not receive funding (326 applicants), would receive funding.

The additional \$500 million in capital support in the BEEF under component 2 would be evenly distributed over 5 years, with departmental expenses in addition to the capped amount.

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$473.1 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered and departmental expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The Parliamentary Budget Office (PBO) has not made any assessment as to whether the specified funding for capital support would be sufficient to meet the objectives of the proposal.

**Table 1: Establish an ongoing non-competitive grant program for ECEC providers and increase capital grants for childcare centres to \$1 billion – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-135.2	-132.9	-102.5	-102.5	<b>-473.1</b>
Underlying cash balance	-135.2	-132.9	-102.5	-102.5	<b>-473.1</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- As specified, the total number of applicants in scope for funding in the new CCCF round would be 326, the number of eligible applicants from Round 4 of the CCCF who did not receive funding.
  - Expenses would increase if more eligible applicants applied to the CCCF demand driven round.
- Grant funding under component 1 would be split evenly over 2 years, in line with the CCCF round 4 funding split.
- The average grant per eligible applicant under component 1 would be around \$180,000, informed by the average grant amount awarded under the CCCF Round 4, and indexed to the Consumer Price Index (CPI).
- No grants allocated to a given year would be left unspent.

## Methodology

Total grant funding was calculated by multiplying the average funding provided in the CCCF Round 4 as per *Key assumptions*, by the number of eligible applicants who were unsuccessful in Round 4.

The grant funding for the Building Early Education Fund is capped at a fixed amount, evenly distributed over 5 years from the commencement date. Departmental funding is in addition to the capped amount as specified.

Departmental expenses for both the CCCF and Building Early Education Fund grants were estimated based on the cost of administering similar programs.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

## Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Departmental expenses were informed by similar measures in the Commonwealth budgets from 2015-16 to 2021-22.

Grant Connect (2024) [Grant Opportunity Documents - GO6796](#), accessed 22 May 2025.

<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Establish an ongoing non-competitive grant program for ECEC providers and increase capital grants for childcare centres to \$1 billion – Financial implications

**Table A1: Establish an ongoing non-competitive grant program for ECEC providers and increase capital grants for childcare centres to \$1 billion – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Expenses</b>													
<b>Administered</b>													
<i>Community Childcare Fund demand driven round</i>	-28.8	-29.7	-	-	-	-	-	-	-	-	-	-58.5	-58.5
<i>Double capital support in the Building Early Education Fund</i>	-100.0	-100.0	-100.0	-100.0	-100.0	-	-	-	-	-	-	-400.0	-500.0
<b>Total – administered</b>	<b>-128.8</b>	<b>-129.7</b>	<b>-100.0</b>	<b>-100.0</b>	<b>-100.0</b>	-	-	-	-	-	-	<b>-458.5</b>	<b>-558.5</b>
<b>Departmental</b>													
<i>Department of Education</i>	-6.4	-3.2	-2.5	-2.5	-2.5	-	-	-	-	-	-	-14.6	-17.1
<b>Total (excluding PDI)</b>	<b>-135.2</b>	<b>-132.9</b>	<b>-102.5</b>	<b>-102.5</b>	<b>-102.5</b>	-	-	-	-	-	-	<b>-473.1</b>	<b>-575.6</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A2: Establish an ongoing non-competitive grant program for ECEC providers and increase capital grants for childcare centres to \$1 billion – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	-3.0	-9.1	-14.7	-19.9	-25.3	-28.7	-30.0	-31.4	-32.8	-34.3	-35.9	<b>-46.7</b>	<b>-265.1</b>
<b><i>Underlying cash balance</i></b>	-2.2	-7.6	-13.3	-18.6	-23.9	-27.9	-29.7	-31.0	-32.4	-33.9	-35.5	<b>-41.7</b>	<b>-256.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)