



**Save the Children**

**2024-25 Budget Submission**

DEPARTMENT OF THE TREASURY

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**January 2024**

## SAVE THE CHILDREN

Save the Children has worked in Australia for over 100 years. We are part of a global child rights movement founded in 1919 by Eglantyne Jebb, the author of the first ever international declaration on children's rights. Our work today is guided by the United Nations Convention on the Rights of the Child. We are fearless advocates for children's rights, advocating with and alongside children and young people to elevate their voices in pursuing policy reform and system change to uphold their rights.

Save the Children Australia manages and implements programs that support children in 21 countries around the world. Through our Australian service delivery arm, 54 reasons, we work directly with children, their families and communities in every State and the Northern Territory to provide services that fulfil children's rights and support their wellbeing and development.

## ACKNOWLEDGEMENTS

Save the Children Australia acknowledges Aboriginal and Torres Strait Islander peoples as the traditional owners and custodians of the land on which we work. We pay our respect to their Elders past and present.

For further information about this submission, please contact Marion Stanton, Head of Government Relations at [marion.stanton@savethechildren.org.au](mailto:marion.stanton@savethechildren.org.au).

## Executive Summary

2023 saw numerous trends colliding to create a world increasingly perilous for children. Large-scale drivers of needs – climate disruption, armed conflict, economic shocks, forced displacement – are accelerating at a time when the most vulnerable enjoy fewer protections, and at a time when the aid and development sector is confronted with new challenges. Within Australia, cost of living pressures, rising inequality and the lasting effects of the COVID-19 pandemic on children’s wellbeing and engagement with learning are further entrenching intergenerational disadvantage. These trends are likely to continue in 2024 and beyond.

To address these challenges, Save the Children is calling on the Australian Government to:

1. Build resilience and prepare children for the future by investing in education and climate finance.
2. Respond to growing humanitarian needs and crises globally.
3. Invest in the sustainability of the not-for-profit (NFP) sector in Australia, to ensure the continued delivery of vital and quality services domestically and internationally.

The 2024-2025 Federal Budget is an excellent opportunity for the Australian Government to invest in children and set them up for life. Save the Children’s recommendations and costings on how the Australian Government can support the development of children in Australia and abroad, and better protect and promote children’s rights, are outlined below.

## 1. Build resilience and prepare children for the future

2023 – the hottest year on record – saw the acceleration of the climate emergency. High temperatures drove heatwaves, floods and wildfires, damaging lives and livelihoods across the world. The impact of the climate crisis also collided with the effects of state fragility, armed conflict, and poverty. The statistics are sobering, with 774 million children living in poverty and exposed to high climate risk, while 222 million children are at risk of missing out on an education because of these crises. The number of children living in conflict has also increased over time, from about 10% in the mid-1990s to almost 19% in 2022.<sup>1</sup>

In terms of climate financing, while Save the Children welcomed the Government's decision to rejoin the multilateral Green Climate Fund (GCF) and its contribution of \$50 million and \$100 million to the GCF and the Pacific Resilience Facility (PRF) respectively, we are concerned that Australia's financial commitments to the major climate financing vehicles are well below our fair share. Further, we note that Australia has not made any financial contribution at all to the Loss and Damage Fund despite Australia's active engagement in the design of the initial fund through its role on the Transitional Committee.

Education in emergencies and protracted crises also remains underfunded globally, including in the Pacific, where disasters have led to a significant increase in children not attending school. For example, in March 2023, more than 125,000 children in Vanuatu were affected when twin Tropical Cyclones devastated communities.<sup>2</sup> In 2018, Tropical Cyclone Gita damaged 109 out of 150 schools on the main island of Tonga leaving 23,000 children without education while repairs were undertaken.<sup>3</sup> In Australia, the compounding impact of COVID-19, increasing risks of child poverty, and the major, climate-driven disasters of recent years have interrupted many children's education and put severe pressure on their wellbeing and development. Disengagement from school-age education is a national crisis, and school refusal rates are rising – just one dimension of the broader challenge of disengagement.

Save the Children calls on the Australian Government to commit additional funding to address the accelerators and impacts of the climate crisis, as well as invest in the education and wellbeing of current and future generations of children. Investing in safe schools provides economic returns for society and contributes to economic recovery, while a significant contribution to climate financing helps build the resilience of future generations. There is a pressing need for proven, evidence-based programs and support to be available to all students and schools that would benefit from a direct focus on supporting engagement of at-risk and currently disengaged students. Within Australia, Save the Children's Hands on Learning program is an excellent example of an evidence-based school wellbeing program. It has operated over the last 24 years, with outstanding success, and is currently being implemented in over 130 primary and secondary schools. Save the Children urges the Australian Government, through the Department of Education, to provide the modest investment that is required to ensure that the Hands on Learning program is accessible nationally to help address the current crisis of disengagement from school. Now

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<sup>1</sup> [Children Affected by Armed Conflict, 1990–2022 - World | ReliefWeb](#)

<sup>2</sup> Save the Children Vanuatu and Kolisen Blong Leftemap Edukesen (2023) "Harem voes blong mi" Unmasking the impact: climate change, cyclones, and the children of Vanuatu, Vanuatu. Available at: [Harem Voes Blong Me \(Hear My Voice\) | Save the Children's Resource Centre](#)

<sup>3</sup> [Stronger schools and Brighter futures in Tonga \(worldbank.org\)](#)

is the ideal time for such an investment, in the context of the development and implementation of the next National School Reform Agreement in 2024.

Save the Children recommends that the Australian Government:

- **Noting that Australia’s climate finance fair share<sup>4</sup> amounts to approximately \$4 billion annually, allocate an additional \$400 million to the Green Climate Fund by 2025 and commit \$100 million to support the Loss and Damage Fund established at COP28.**
- **Invest \$16.665 million over 4 years (\$2.604 million in the 2025 calendar year) in Hands on Learning to enable this program to be implemented in 380 schools across Australia for schools and students who need it.<sup>5</sup>**
- **Allocate \$30 million over three years to Education Cannot Wait (ECW), including \$6 million to ECW’s Climate Appeal<sup>6</sup>. ECW has expanded its strategic focus to include responding to climate change as a key part of education in emergencies and protracted crises, including a regional focus on the Indo Pacific.<sup>7</sup>**
- **Invest \$65 million over three years to strengthen education outcomes for girls in Fiji, PNG, Solomon Islands, Tonga and Vanuatu through expanded climate resilient education model to safeguard schools against natural disasters/climate change impacts.**

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4 Falling Short: Australia’s role in funding fairer climate action in a warming world (2022-ACT-004-Climate-Finance-Report\_Digital.pdf (oxfam.org.au).

<sup>5</sup> These figures are expressed in calendar years to align with school year (calendar year) funding cycles, but we are able to provide specific financial year figures if needed, depending on the timing of relevant decisions by government.

<sup>6</sup> Education Cannot Wait’s Climate Appeal | Education Cannot Wait

<sup>7</sup> From Crisis to Classroom - Plan International Australia

## 2. Responding to growing needs and crises

An estimated 333 million children globally – or 1 in 6 – live in extreme poverty, according to a 2023 UNICEF-World Bank analysis<sup>8</sup>. One-third of the world's children face the dual threat of high climate risk and poverty, and 18% of children face multi-dimensional threats in conflict-affected areas.<sup>9</sup>

Against this backdrop, the need for humanitarian assistance has never been greater. But the reality is that countries have not delivered – the United Nations received just over one-third of the \$57 billion it sought to help 245 million people in 2023, the worst funding shortfall in years<sup>10</sup>. Of note, Australia's foreign aid expenditure is at its lowest point in history as a proportion of overall government spending and its spending on humanitarian assistance has remained essentially static for nearly ten years despite a dramatic increase in the numbers of people impacted by conflict and other crises.

As a prosperous and influential country, Australia has the capacity to do more to support children in our region and beyond. We urge the Australian Government to deliver on its rhetoric and move towards the goal of spending at least 0.5% of Gross National Income on overseas development assistance as a matter of urgency. Humanitarian funding should be significantly increased and include multi-year, flexible arrangements that enable recipient organisations to respond effectively and efficiently.

Save the Children calls on the Australian Government to:

- **Increase funding to the Department of Foreign Affairs and Trade (DFAT) to enable Australia's humanitarian funding allocation to increase to \$1.08 billion in response to significantly greater and intense need, and more complex and protracted emergencies. As part of this allocation, DFAT should double the Humanitarian Emergency Fund to \$300 million annually, which is needed to urgently address sudden onset disasters and conflicts.**
- **Invest \$65 million over three years to reduce high rates of violence towards children (including sexual violence against girls) through the new Melanesian subregional peace and stability initiative, which focuses on governance, policy and legislative reform in Fiji, PNG, Solomon Islands and Vanuatu.**
- **Invest \$77.3 million over three years for child-sensitive and shock responsive social protection, specifically for household payment schemes in three sub-national government areas (Western Province, PNG, Malaita in Solomon Islands, and Sanma in Vanuatu). This would address household costs of living - specifically the costs of raising children, such as purchasing appropriate and nutritious food and education costs (fees, uniforms, food, transport and materials).**

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<sup>8</sup> [Children bearing brunt of stalled progress on extreme poverty reduction worldwide – UNICEF, World Bank](#)

<sup>9</sup> [Generation Hope: 2.4 billion reasons to end the global climate and inequality crisis | Save the Children's Resource Centre](#)

<sup>10</sup> [Global Humanitarian Overview 2024: UN launches \\$46 billion appeal for 2024 as global humanitarian outlook mains bleak \[EN/AR\] | OCHA \(unocha.org\)](#)

### 3. Invest in Australia's not-for-profit sector

Thriving not-for-profit organisations (NFPs) are critical to Australia's society and economy. Charities, NFPs and the wider social purpose sector make up over 8% of Australia's GDP and account for one in ten of Australia's employees.<sup>11</sup> But many such organisations, including Save the Children, are currently facing increasing pressure to deliver programs that meet community priorities and needs and empower community-level decision-making – including, in the international development context, committing to the localisation agenda – amidst ballooning costs of living and of delivering programs. One of the key drivers of this vulnerability is that government contracts and grants provide insufficient funding for the indirect, but necessary, costs of delivering programs (e.g. human resources, IT infrastructure and support, insurance, office rental and payroll).

According to research, the average indirect costs borne by NFPs is 33% of total costs.<sup>12</sup> However, government grants and contracts for some international programs currently have indirect cost recovery (ICR) caps of between 7% and 10% of overall costs. In comparison, other donors such as USAID negotiate a variable indirect cost rate with partners of up to 22%, while Denmark allows Danish CSOs to budget up to 7% of partner costs as overheads, in addition to the 7% overhead they are allocated.<sup>13</sup> As a result of this shortfall, many NFPs are starved of the funding required to create resilience and the capacity to innovate. Save the Children urges the Federal Government to introduce more flexible funding mechanisms and ensure consistency between Departments with regard to indirect cost funding, so that NFPs can be effective and sustainable.

Save the Children welcomes the Department of Social Services' and the Community Services Advisory Group's development of a NFP Sector Development Blueprint and other ongoing work to support the community sector in Australia. Save the Children – through 54 Reasons – is actively participating in the Blueprint Expert Reference Group (BERG) and will continue to push for stronger investment in children and their future. Save the Children encourages the Federal Government to prioritise investment and reform associated with the Blueprint and the outcomes of last year's public consultation on a stronger, more diverse and independent community sector, to strengthen the impact and sustainability of the sector.

Save the Children recommends that:

- **Treasury provide additional funding to support DFAT to immediately increase the ICR cap from the current 7% to at least 15%. Moving ahead, DFAT should review ICR policies and consider more flexible funding mechanisms, to ensure that NFPs and their implementing partners are able to carry out the vital work of delivering aid and programs.**

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<sup>11</sup> [Paying what it takes: Funding indirect costs to create long-term impact \(socialventures.com.au\)](https://socialventures.com.au)

<sup>12</sup> [Ibid.](#)

<sup>13</sup> [Donor approaches to overheads for local and national partners - Development Initiatives \(devinit.org\)](https://devinit.org)

## Recommended Offset Measures

To fund commitments that support our recommendations, the Australian Government should scale down support for federal subsidies for fossil fuel industries. In 2022-23, the Australian Government allocated \$11.1 billion in federal subsidies to fossil fuel industries. The 2023 Federal Budget included \$50 billion in fossil fuel subsidies over the next four years, including \$9.6 billion in Fuel Tax Credit in 2023-2024. This is a significant contrast with its ODA allocation of \$4.77 billion in 2023-2024.