PARENTS WORK COLLECTIVE

Proposal to the Economic Reform Roundtable

23 July 2025

INTRODUCTION

Parents Work Collective is a national, not-for-profit organisation advocating for recognition of unpaid care as essential economic infrastructure. We represent the voices of thousands of parents who provide critical care work—often invisible in national accounting but central to Australia's productivity, social wellbeing, and economic sustainability.

In this proposal, we urge the Australian Government to view early childhood and care policy as central to economic reform. To meet the challenges of the decade ahead, Australia must shift from a narrow focus on childcare as a workforce support tool toward a more holistic approach that recognises the economic and developmental value of unpaid and diverse care arrangements, and invests in quality.

Our central recommendation is to expand the Child Care Subsidy (**CCS**) to include private care models, giving families genuine choice while alleviating unsustainable pressure on the formal early childhood education and care (**ECEC**) system. At the same time, we emphasise that any reform to the ECEC sector must prioritise quality of care, especially in the crucial first three years of life. This would result in improvements in productivity, resilience, and budget sustainability for Australia.

Proposal One: Expand the CCS to support a broader range of care models

Expanding the CCS to include private or shared care arrangements (e.g. care provided by relatives or in-home carers such as nannies) will increase labour market participation among parents who are currently locked out of the system due to lack of suitable or available care.

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While current childcare policy emphasises formal institutional care as the default mode of support for working families, this model excludes families who:

- have irregular work arrangements (for example, nurses, paramedics and doctors);
- live rurally;
- have children with disabilities and other special needs;
- for cultural or trauma reasons do not wish to use institutional childcare;
- may otherwise be able to engage in flexible paid work (for example, a couple of hours each day, or working in the evening or on weekends) for which centre-based care is inappropriate; and
- do not wish to use institutional care for babies or young toddlers.

Expanding the CCS will also:

- enable more optimal matches between care and work preferences, reducing burnout, absenteeism and productivity losses among stressed parents;
- reduce pressure on formal childcare centres, allowing those that remain to operate with higher standards and lower turnover;
- address the serious ethical issue government currently faces of incentivising the use of a childcare system that is understaffed and cannot guarantee quality care for every child; and
- free up capacity for those who most need formal care — particularly disadvantaged and vulnerable children — ensuring public investment delivers on quality outcomes (noting the evidence is very clear that disadvantaged children have the most to gain from engaging in formal childcare).[1]

Australia currently leaves billions in potential productivity gains untapped by failing to support the flexible care solutions modern families want. Investing in a broader subsidy structure will recognise and unlock the economic contribution of care work undertaken outside commercial childcare settings.

Proposal Two: Prioritise investment in quality rather than continued expansion of child care centres

Public investment in formal childcare under current policy is expanding rapidly—but so too are concerns about quality and effectiveness. In recent weeks in particular, there has been considerable media attention on systemic issues in the ECEC sector, as well as concerns about child sex abuse offences occurring in particular in for-profit child care centres.

National Children's Commissioner, Anne Hollands, has said that, "There's been a lot of commentary about 'childcare deserts' being a barrier to women seeking employment, and so governments have been focussed on increasing supply and improving affordability as well as increasing pay for childcare workers and early childhood educators. However, there has clearly been insufficient focus on the safety of infants and preschool age children in some of these centres."

Children in low-quality or inappropriate care — especially under age 3 — are more likely to experience long-term emotional, social and cognitive challenges. The evidence is clear that quality is absolutely critical to children experiencing any benefits from childcare attendance.[2]

The downstream cost of low quality includes:

- increased demand on the mental health system;
- lower educational attainment and economic participation; and
- greater strain on child protection and social services.

Without addressing quality, increased spending simply scales a broken system, delivering minimal or even harmful developmental returns.

Investing now in developmentally appropriate, evidence-based care, and providing families with support to choose parental or other private care when it is best for their children, will save billions in future expenditure. Research shows high-quality care in the early years has profound effects on long-term health, cognitive development, and educational outcomes.

If the childcare industry is to improve quality of care, a priority system will need to be devised to ensure children with the highest need for ECEC receive quality care. We propose that all 3 - 5 years olds be given priority access to suitable preschool facilities within a certain distance from home before positions for younger toddlers and babies are made available based on staff availability. Disadvantaged children or those requiring early intervention in any age group prior to schooling must also be given priority. ECEC would rely on cross-agency information sharing with relevant government departments to identify highest priority babies and children.

In addition, the Government needs to devise a strategy to reduce reliance on for-profit child care centres which deliver lower quality care, and incentivise not-for-profit child care centres and council or state-run sessional kindergartens and pre-schools. More than 95% of the 300-400 new centres opened every year are operated for-profit, often by private equity firms prioritising short-term returns over long-term developmental outcomes. There has been considerable commentary in recent weeks about the lower-quality care of for-profit centres compared to not-for-profit centres, a phenomenon that is well-supported by available data.[3]

Finally, it is well-recognised that improving quality of care relies on improved pay and conditions across the ECEC sector. The Government has taken steps towards this by putting in place a 15% pay rise for eligible ECEC workers across two years. In addition, however, cultural change is critical. The current dominant thinking and rhetoric with respect to care work is problematic for the ECEC sector because it devalues care and subjugates unpaid care work in favour of paid work. This notion is underpinned by the misconception that care work is easy, unimportant or not 'real work'. Rather than actually valuing and acknowledging unpaid care work or changing the conditions that can make it oppressive, government policy and advocacy groups simply encourage parents to avoid it. This trend flows into perceptions of the childcare industry and the lack of status ascribed to engaging in this work. If care work in all of its forms was considered real 'work' and prioritised in government policy, it would improve the status of work in the ECEC sector, and consquently the quality of care provided by workers in that sector.

In short, quality in the ECEC sector can be improved by:

- expanding the CCS as discussed above;
- prioritising the children with the highest needs for ECEC (for example, older children and disadvantaged children);
- devising a strategy to reduce reliance on for-profit centres who deliver lower quality care, and incentivising not-for-profit child care centres and council or state-run sessional kindergartens and pre-schools; and
- improving pay and status of ECEC sector to encourage retention of high-performing staff.

Conclusion

Australia's economic future depends on a care infrastructure that works—for families, children, and broader society.

By making smarter, more flexible investments in early childhood, we avoid building a system that is expensive yet underdelivers. Rather than propping up a broken model, we should diversify investment, reduce pressure on formal care settings, and reallocate funding to where it can deliver the greatest returns.

The expansion of the CCS to include parental and private models of care, together with a strong focus on improving quality across the ECEC sector, is a fiscally responsible, socially just, and economically sound reform that addresses the triple challenge of productivity, resilience, and budget sustainability.

We would be pleased to attend the Economic Roundtable in order to further discuss these policy reform options, or to otherwise provide further information.

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