

The Case for a National Public Childcare System May 2026



Public Investment in Early Childhood Education and Care (ECEC)

Summary

Australia is already making a significant public investment in Early Childhood Education and Care (ECEC), but this investment is failing to provide quality outcomes and lining the pockets of for-profit companies. The issue is not simply the level of funding, but structure, distribution, and accountability surrounding those funds.

A nationalised, publicly-led system would better align investment with outcomes- supporting children, families, and the workforce more effectively over the long term - and ensuring that Australians' tax dollars are supporting Australian families, not shareholders.

I propose a staged transition toward a national ECEC system, beginning with immediate investment in the workforce through the 2026 Federal Budget.

Over the next five years, the Government should prioritise:

Phase 1 (2026)

Deliver a meaningful pay increase for all ECEC workers in the 2026 Budget. This is critical to addressing workforce shortages, improving retention, and lifting the overall quality of care and education.

Phase 2 (2026 - 2028)

Progressively reduce reliance on for-profit provision through the targeted buyback of services, beginning with providers exiting the market, such as the closure of centres operated by G8 Education. This should be complemented by the construction of high-quality, purpose-built centres in under-served and high-demand areas.

Phase 3 (2028 and beyond)

Use data-driven planning to map unmet demand and expand access to publicly operated centres, ensuring all Australian families, regardless of geography or income, can access affordable, high-quality ECEC.

Context

Access to high-quality early childhood education and care (ECEC) is foundational to children's development and to broader economic participation. In Australia, the system is largely for-profit, with significant public subsidy.

The Australian Government currently spends approximately \$16 billion annually on the Child Care Subsidy (CCS). Under this system, families earning up to ~\$85,000 receive up to 90% fee coverage, with tapering support for higher incomes. Despite this substantial investment, affordability, safety breaches, workforce shortages and access issues persist.

Available data suggests that around half of provider revenue is directed to wages, with the remainder covering operational costs, administration, and profit. With approximately 70-75% of long day care services operated by for-profit providers, and 95% of the growth in the industry in these for-profit centres, public funding is indirectly supporting private profit margins while system outcomes remain inconsistent.

At the same time, the sector faces:

1. Chronic workforce shortages and low wages
2. Service gaps in regional and outer suburban areas
3. Declining public trust following compliance breaches and safety concerns

This raises an important question: whether a predominantly for-profit system is delivering value for the level of public investment.

A National Approach to ECEC

A more coordinated, publicly led model would focus on long-term system outcomes rather than short-term profit. This does not require eliminating all non-government providers. Not-for-profits would be untouched by this policy, but it does require stronger public infrastructure, workforce investment, and accountability.

A national framework would:

1. strengthen oversight of quality and safety standards
2. direct investment into underserved areas
3. stabilise the workforce through better pay and conditions
4. ensure public funding is more transparently linked to outcomes
5. divest public funds from for-profit centres

Core Priorities

1. Invest in the Workforce - 2026 Budget

The first five years of life are critical for cognitive, social and emotional development, but early childhood educators have long been undervalued within the broader education system. Their position amongst the lowest-paid professionals in the education system doesn't just affect them - it is directly linked to the quality of care and children's developmental outcomes.

A nationalised system would provide a more consistent and fair approach to workforce conditions. Early childhood educators would be employed within a government framework, with access to fairer wages, improved leave entitlements, and greater support for training and professional development. They would also be covered by an improved national award, and held to clear national standards regarding qualifications, safety checks, and ongoing professional development.

The 2026 budget is the perfect opportunity for the Australian government to begin investing in the ECEC workforce in earnest.

A national approach would:

1. Move toward pay parity with primary education roles
2. Increase super contributions
3. Expand funded training and qualification pathways
4. Improve retention through improved conditions, mentoring, and leadership development
5. Target workforce shortages in regional and at-risk communities

2. Build a Nationalised, Mixed-Delivery System 2026 to 2028

G8 Education’s decision to close and sell approximately 40 centres with little notice highlights how a for-profit system prioritises financial performance over continuity for families and communities. When services are withdrawn in response to market pressures, the impact is felt most strongly by staff, children, and parents.

Investing in the purchase and construction of a diverse network of providers, including long day care services, school-based pre-K programmes, and outside of school hours care, is the key infrastructural step to strengthening the systems and supports required to deliver consistent, high-quality education and care nationwide.

A national system would:

1. Invest in publicly owned and community-based centres, particularly in childcare deserts
2. Maintain a mixed-delivery model, but with clearer public leadership
3. Support a range of service types (long day care, preschool, OSHC) within a unified framework

3. Improve Equity of Access - 2028 and Beyond

Data from the Australian Bureau of Statistics indicates that children in higher-income households are more likely to attend formal ECEC than those in lower-income households. At the same time, regional and remote communities face persistent service gaps, with the Australian Competition and Consumer Commission (ACCC) identifying large parts of regional Australia as “childcare deserts,” where there are more than three children for every available place. In some remote areas, this ratio is significantly higher, limiting both access and parental workforce participation.

A national system should:

1. Use data to guide development in areas of highest unmet demand
2. Prioritise the provision of quality services in low-income, regional, and outer suburban areas. This includes targeted investment in new and expanded services in areas identified as childcare deserts, as well as strengthening existing community-based providers. Evidence shows that service availability is a key driver of participation, particularly in outer suburban growth corridors and regional towns.
3. Ensure culturally responsive and inclusive services in conjunction with First Nations peoples, and diverse communities.
4. Expand access for children with additional needs. Children with disability or developmental delay often face limited access to appropriate ECEC services due to staffing, training, and funding constraints. Strengthening inclusion support programs, increasing specialist workforce capacity, and ensuring centres are resourced to meet diverse needs will improve participation and developmental outcomes.

A nationalised system must also provide flexibility in place allocation and demographics. This would allow providers to adjust the mix of 0-24 month, 24-36 month, and 3-5-year places at each centre based on real-time community demand, enrolment trends, and local demographics, ensuring that the model serves the community and its needs. Allowing services to adjust age-group allocations based on local demand, enrolment trends, and local demographics, ensuring that the model serves the community and its needs.