

Daycare Accessibility and Maternal Labor Market Outcomes: Do Quality Ratings Matter?*

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Abstract

Using administrative data on Australian daycare centers and a triple-difference design, we examine the impact of daycare availability and quality ratings on childcare utilization and mothers' labor market outcomes. We document a substantial positive impact of daycare availability and higher quality ratings on formal care usage and mothers' employment and earnings. The effect of quality ratings is particularly pronounced among high-income, more-educated, and first-time mothers, whose perceptions of local daycare quality are most responsive to changes in ratings. Our findings underscore the important roles of childcare quality, in addition to accessibility, in shaping families' childcare choices and mothers' employment decisions.

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1 Introduction

The transition to motherhood often results in a substantial and persistent decline in women's employment and earnings (e.g., [Angelov, Johansson, and Lindahl 2016](#); [Kuziemko et al. 2018](#); [Kleven, Landais, and Søgaaard 2019](#); [Andresen and Nix 2022](#)). In high-income countries, this "child penalty" accounts for a significant portion—and in many cases, nearly all—of the observed gender disparities in labor market outcomes ([Cortés and Pan 2023](#); [Kleven, Landais, and Leite-Mariante 2023](#)). Recognizing the unequal distribution of childcare responsibilities between parents as a key contributing factor, policymakers are increasingly embracing subsidized childcare as a tool to promote women's employment and reduce gender inequality in the labor market ([Olivetti and Petrongolo 2017](#)).

At the same time, the expansion of non-parental care fundamentally reshapes the environment in which children grow up, leading to both short- and long-term consequences for children's development. While high-quality, targeted childcare programs can enhance children's cognitive and socioemotional skills, particularly among disadvantaged populations ([Felfe, Nollenberger, and Rodríguez-Planas 2015](#); [Barr and Gibbs 2022](#); [Wikle and Wilson 2023](#)), the impact of universal programs has been mixed, with some studies documenting negative effects that persist well into adulthood ([Baker, Gruber, and Milligan 2008](#); [Baker, Gruber, and Milligan 2019](#)). Consequently, the quality of care that children receive may significantly influence families' childcare choices and mothers' employment decisions ([Blau and Currie 2006](#)). Despite this important implication, empirical evidence on the relationship between childcare quality and mothers' workforce participation remains scarce, hindering a comprehensive understanding of how childcare policies may concurrently affect child development and mothers' labor market outcomes.

Empirically assessing the relationship between childcare quality and maternal labor market outcomes presents several challenges. First, there is a lack of consensus in the literature on what constitutes quality. Many studies have focused primarily on structural aspects (e.g., staff-to-child ratios), often overlooking harder-to-measure process elements (e.g., caregiver-child interactions)

that are thought to be more closely linked to child development ([Currie 2001](#); [Slot et al. 2015](#)). Second, even when process quality information is available, nationally representative data on these measures is scarce, significantly constraining the scope and generalizability of existing evidence. Finally, parents' awareness and understanding of these quality aspects may be limited, leading to childcare utilization and labor force participation decisions made without complete information. Consequently, effectively assessing the relationship between quality and family choices requires not only overcoming these data and measurement challenges but also using a quality measure that is readily observable and accessible to families.

In this paper, we simultaneously address these challenges to investigate how daycare availability and quality ratings influence families' childcare utilization and mothers' labor market outcomes. To do so, we leverage data relating to Australia's National Quality Framework (NQF), implemented in 2012 by the Australian government to regulate the early childhood education and care sector. A key feature of the NQF is the establishment of national quality standards against which all childcare services are rated by regulatory authorities. These standards encompass seven quality areas, assessing both the structural aspects of the care environment and the process quality of child-caregiver interactions. These quality ratings, along with data on maximum enrollment capacity for each childcare service, are publicly accessible through a national register maintained by the Australian Children's Education and Care Quality Authority (ACECQA). The combination of this administrative dataset with rich household survey data allow us to analyze how childcare usage, mothers' labor market outcomes, and parents' perceptions of local childcare quality respond to variations in daycare availability and quality ratings across labor markets and over time.

To assess the impact of daycare availability and quality on mothers' labor market outcomes, we exploit spatial variation in changes in the availability and quality of daycare. We estimate a generalized triple-difference model. The underlying difference-in-difference model compares changes in labor market outcomes for mothers with a child aged 1-4 across local areas with different changes in daycare availability and/or quality. As it is likely that changes in both daycare availability and changes in maternal labor market outcomes may be related to other local factors

including, for example, the state of the local labor market or the endogenous entry of daycare centers, we use mothers with a youngest child aged 6-10 as an additional control group in our triple difference specification. Under the assumption that changes in the labor market outcomes of mothers with school-aged children (whose decisions are not directly impacted by pre-school daycare availability) are a valid counterfactual for changes in labour market outcomes of mothers with preschool children, our triple-difference strategy isolates the causal impact of daycare availability and quality. Our results are robust across several specifications that vary the counterfactual control group.

Our findings can be broadly summarized as follows. First, we find a positive and substantial impact of increased local daycare availability on formal care utilization among 1-4-year-olds and on mothers' employment and earnings between 2013 and 2022. Specifically, a 10 percentage point increase in daycare slots per capita for the 1-4 population raises the likelihood of formal care use by 3.6 percentage points and mothers' employment by 3.0 percentage points in the short term. Notably, we find no evidence of crowding out alternative care arrangements, suggesting that supply constraints were binding in many areas of Australia during this period. Second, holding availability constant, an increase in the proportion of daycare slots provided by centers meeting or exceeding the National Quality Standard is associated with higher formal care utilization and increased maternal employment and earnings. These effects are particularly pronounced among high-income, more-educated, and first-time parents. We show suggestive evidence that parents in these groups pay more attention and are more responsive to changes in local quality ratings, highlighting the potential for quality assessments to mitigate informational asymmetries and boost families' demand for daycare services.

These findings yield several implications for the design and implementation of childcare policies. First, while much of the existing literature has focused on childcare costs and subsidies, our results underscore the critical importance of addressing supply-side constraints, particularly in areas experiencing rapid population growth or with limited childcare infrastructure.¹ Second, in

¹Wrohlich (2011) studies a rationed childcare market and provides simulation evidence suggesting that public expenditures aimed at increasing childcare availability have a greater impact on maternal employment compared to

contexts where the childcare market is predominantly served by private providers, the quality of care services may be highly uneven ([Bastos and Cristia 2012](#); [Bassok et al. 2016](#)). In such settings, policies designed to enhance and maintain daycare quality—such as targeted investments in workforce development or the implementation of quality-contingent subsidies—may be necessary to promote maternal labor force participation without compromising child outcomes ([Berlinski et al. 2024](#)). Finally, transparent and accessible quality rating systems appear particularly beneficial in mitigating informational asymmetries and enabling parents to make informed choices ([Bassok et al. 2016](#)). Given the heterogeneous responses to quality improvements across demographic groups, especially the apparent lack of awareness among disadvantaged families, our findings also highlight the potential importance of targeted interventions aimed at addressing the specific needs and constraints of these households in navigating the childcare market.²

Our study contributes to a substantial body of literature examining the effects of childcare subsidies and costs on maternal employment. Existing work has yielded mixed results, largely due to varied institutional contexts. In settings where childcare costs are high, studies have generally found positive impacts of subsidies and increased accessibility on mothers' employment ([Gelbach 2002](#); [Baker, Gruber, and Milligan 2008](#); [Lefebvre and Merrigan 2008](#); [Bauernschuster and Schlotter 2015](#); [Nollenberger and Rodríguez-Planas 2015](#); [Carta and Rizzica 2018](#); [Wikle and Wilson 2023](#)). In contrast, where childcare availability is already broad, where there are strong traditional norms for maternal care, or where subsidies primarily lead to a substitution away from informal care arrangements, the effects on maternal employment have been more limited or even negligible ([Lundin, Mörk, and Öckert 2008](#); [Havnes and Mogstad 2011a](#); [Bettendorf, Jongen, and Muller 2015](#); [Givord and Marbot 2015](#); [Busse and Gathmann 2020](#); [Karademir, Laliberté, and Staubli 2024](#); [Kleven et al. 2024](#)). Our research adds to this literature by examining a setting with potentially severe supply constraints, revealing that increased childcare availability—not only af-

reducing parents' fees for existing slots.

²Some qualitative evidence discussed in [Zellman and Perlman \(2008\)](#) (p. 41) suggests that some parents have started to associate quality ratings with higher costs, consequently restricting their search to lower-rated childcare options. This limited search behavior may prevent families from discovering and accessing higher-quality care options that could be within their financial reach, especially when considering available public subsidies.

fordability—can significantly increase maternal employment.³

Our paper also contributes to the literature on childcare quality and childcare Quality Rating and Improvement Systems (QRIS) and their effects on childcare utilization and maternal labor supply.⁴ Evidence regarding whether parents are aware of and value the quality of childcare services is mixed. Some studies suggest that demand for childcare is relatively insensitive to quality-related attributes (Blau 2001; Blau and Hagy 1998); others indicate that parents value quality but lack information and the ability to assess it accurately (Cryer, Tietze, and Wessels 2002; Mocan 2007). More recent studies suggest that parents may respond to quality when information, such as official ratings, is readily available. Exploiting variation in timing across when US states, Herbst (2018a) finds that the introduction of a QRIS increased formal care utilization as well as labor supply and earnings among high-skilled mothers. Bassok, Dee, and Latham (2019) use data from North Carolina to show that receiving a lower ‘star’ rating reduces future enrollments at a childcare center, suggesting that parents respond to observed quality ratings. Philipp et al. (2025) use a survey experiment in the German pairfam Panel to show that when parents are offered high-quality childcare options, they are more willing to consider utilizing childcare and increasing labor supply, particularly among more-educated parents.

Our study extends this literature by examining the effects of the availability of high-quality childcare on childcare utilization and mothers’ labor market outcomes, where quality is measured by a comprehensive, nationally implemented quality rating system. This provides insights into how parents respond to detailed quality ratings when such information is widely accessible.

³Existing work has found mixed evidence in the Australian context. Earlier studies tend to document low labor supply elasticities of mothers with respect to formal childcare costs (Doiron and Kalb 2005; Rammohan and Whelan 2005; Kalb and Lee 2008). More recent work by Breunig et al. (2011), who analyze mothers’ self-reports of local childcare accessibility and quality, find that more reports of lower costs, higher availability, and quality are associated with mothers being more likely to work and working longer hours.

⁴There is also evidence on how QRIS affects the supply and price of childcare: Chipty (1995) and Hotz and Xiao (2011) have shown that stricter quality standards can lead to unintended consequences, including reduced availability and increased costs for providers; Blau (2007) suggests that tougher regulations may not always lead to higher price and quality but, in some cases, result in lower staff wages.

2 Background and Data

2.1 Institutional setting

The center-based daycare market in Australia is supplied by a combination of public and private providers, with private, for-profit centers playing a dominant and growing role: the share of for-profit centers increased from about 40% of total services in 2013 to 52% by 2023. Private, not-for-profit centers, such as those managed by communities, constitute a smaller and declining portion, decreasing from 37% in 2013 to 33% in 2023. Centers managed by state or local governments provide less than 10% of services. Within our study period, the overall expansion of daycare services in Australia was entirely driven by new private for-profit centers entering the market.

The rapid expansion of private for-profit centers in the Australian childcare market raised concerns about the quality of care provided ([Rush and Downie 2006](#); [Kalb 2009](#)). In response to these quality concerns and the growing importance of early childhood education, the Australian government implemented the National Quality Framework (NQF) in 2012 with the overarching goal of ensuring consistent, high-quality early childhood education and care across the country. Central to the NQF is the National Quality Standard (NQS), which sets a national benchmark for the quality of children's education and care services. The NQS comprises seven quality areas: (1) educational program and practice, (2) children's health and safety, (3) physical environment, (4) staffing arrangements, (5) relationships with children, (6) collaborative partnerships with families and communities, and (7) governance and leadership. Under this framework, education and care services are assessed and rated by regulatory authorities against the NQS, receiving one of five ratings ranging from "Significant Improvement Required" to "Excellent." The NQF also includes national approved learning frameworks, such as the *Belonging, Being and Becoming: The Early Years Learning Framework for Australia*, guiding educators in developing high-quality educational programs. Additionally, it establishes requirements for educator qualifications and staff-to-child ratios.

The implementation of the National Quality Framework represented a significant regulatory shift in the Australian childcare sector. As well as increasing quality, these regulations may affect the cost and availability of daycare services. For example, increased regulatory requirements may increase operational costs, potentially reducing availability, particularly in lower-income areas (Hotz and Xiao 2011). Quality improvements may be uneven, with more pronounced enhancements in higher-income areas where providers are better positioned to find qualified staff and absorb compliance costs. Childcare costs for families may also rise, especially in areas experiencing supply constraints, with providers passing on the costs of quality improvements. However, the system of childcare subsidies (outlined below) may mitigate these effects, maintaining affordability and access for many families despite the regulatory changes. Thus, the net impact of these countervailing forces on childcare availability, quality, and affordability remains an empirical question.

2.2 Government assistance with childcare costs

The Australian government has provided financial support for early childhood education and care for over fifty years, since the introduction of the Childcare Act 1972. The primary aim of the legislation was to achieve affordable childcare to support maternal labor market participation (Brennan 2020). There were two distinct subsidy regimes in place over the period of our study. Prior to July 2018, the Childcare Benefit (CCB, introduced in 2000) and the Childcare Rebate (CCR, introduced in 2004) provided means-tested and universal subsidies. The means-tested CCB provided an hourly subsidy of between 5% and roughly half of the cost of center-based care depending on household income, and had accompanying work and training requirements for parents. The CCR was a universal payment covering 50% of out of pocket childcare costs up to an annual cap. The combination of the CCB and CCR meant that low-income families had the majority of their childcare spending covered by subsidies.

In 2018 there was a major restructuring of childcare funding, intended to make childcare “simpler, more affordable, more accessible and more flexible” (Commonwealth 2016). The new CCS,

which replaced both the CCB and CCR, provided a subsidy rate that declines as family income increases, an hourly rate cap, an annual cap on total assistance for higher income households, and a parental activity test that could limit the number of hours of care for which a subsidy is payable. The reform had the effect of increasing the generosity of subsidies for lower income households and reducing the subsidies received by high-income households ([Bray et al. 2021](#)).

While the 2018 reform aimed to increase accessibility and, consequently, encourage higher maternal labor market participation, empirical evidence suggests that, while the reform is associated with a small increase in formal childcare utilization, there has been no measurable impact on maternal labor supply ([Clarke, Griselda, and Khattar 2025](#)). In our analysis below, we test and demonstrate that our core results (for the time period 2013-2023) hold in both the pre-2018 and post-2018 periods.

2.3 Data on daycare slots and quality ratings

Our analysis uses data from the National Quality Standard (NQS) time series, a publicly available database established and maintained by the Australian Children’s Education and Care Quality Authority (ACECQA). This database tracks approved services and provides quarterly snapshots of the Australian children’s education and care sector, commencing in the third quarter of 2013.

Our study focuses on analyzing the impact of changes in daycare availability and quality across Australian labor markets over the 2013-2022 period. For each daycare center, we observe key information including service approval date, location (geographic coordinates), management type, and enrollment capacity (the maximum number of children that a service can accommodate at any given time). We also observe the latest quality ratings of each service assigned by state or territory regulatory authorities in accordance with national standards (NQS). These assessments encompass an overall rating as well as ratings across the seven quality areas. The vast majority of services are rated as either “Exceeding,” “Meeting,” or “Working Towards NQS.” A very small fraction of services (less than 0.3 percent in our sample) were at some point identified as posing

significant risks to the safety, health, and well-being of children, leading to a “Significant Improvement Required” rating. Services undergo regular monitoring and assessment, with those receiving lower ratings subject to more frequent visits and evaluations.⁵

Using these service-level data, we aggregate the number of center-based daycare slots to the local labor market level (SA4) level, then standardize by the local 1-4 population to construct our measure of local daycare availability. Defined by the Australian Bureau of Statistics, SA4s generally have populations ranging from 100,000 to 500,000, and are specifically designed to capture local labor markets for the reporting of labor force survey data. We choose to measure availability at this level instead of a more granular one to minimize potential spillover effects across locations. As described in more detail later, we also aggregate availability by quality ratings to further analyze how mothers’ outcomes respond to changes in local child care quality.

2.4 Data on childcare usage and mothers’ labor market outcomes

Data on childcare utilization and women’s labor supply come from the Household, Income and Labour Dynamics in Australia survey (HILDA), a nationally representative longitudinal study that began in 2001. The survey initially interviewed all adult members (aged 15 and older) of a large sample of Australian households, and it has since followed them annually, along with any children who reach age 15 and any new household members who join the family over time. Our analysis draws on data from 2013–2022 and focuses on outcomes for mothers and their children. As we describe in more detail in the next section, our triple-difference design compares changes in childcare utilization and maternal labor market outcomes between mothers of younger children (aged 1–4) and mothers of older, school-aged children (aged 6–10), and relates these differences to changes in local daycare availability and quality across areas and over time.

Because this approach requires the sample to be representative at the local labor market level, we apply a number of restrictions. We exclude families residing in very remote regions, as well

⁵For further information on assessment and rating process, see <https://www.startingblocks.gov.au/other-resources/factsheets/assessment-and-rating-process>.

as foreign-born individuals on temporary visas. In addition, to minimize the possibility that our estimates are biased by endogenous migration, we require that mothers (and their children) reside in the same SA4 as in the previous survey wave. In practice, this means either that their SA4 identifier is unchanged between $t - 1$ and t , or that they reported no household move since the last interview. We also exclude mothers whose youngest child is aged less than one year, as employment decisions in the first year after childbirth are primarily shaped by parental leave entitlements and return-to-work timing rather than childcare availability.⁶ Our final analytic sample averages roughly 2,800 child observations and 1,550 mother observations per wave, for a total of 27,910 child-wave observations and 15,487 mother-wave observations.

The HILDA survey provides rich information about childcare utilization. Those who report using childcare provide details on the actual modes of childcare used, the associated costs and hours in a typical week, and the purpose (work or non-work) for each individual child. In addition, parents using or considering using child care are also asked to rate the difficulty of finding care with certain characteristics (e.g., care in the right location, care their children are happy with). We use these data to track net changes in child care use and substitution patterns among different care arrangements for each individual child, as well as changes in parents' perceptions of local care in response to changes in the composition of local service providers. As for mothers' labor market outcomes, we focus on employment status, hours of work, and earnings.

Figure 1 shows how children's center-based daycare attendance varies over time based on data from the HILDA survey (solid line). It also shows daycare availability (bars) broken down by overall quality ratings using NQS time series. Between 2013 and 2022 daycare availability as a proportion of children aged 1-4 child grew by approximately 5 percent per year, rising from 0.33 slots per child in 2013 to 0.51 slots per child in 2022. Over this time, the proportion of services meeting or exceeding NQS standards grew substantially, reflecting the policy emphasis on improving childcare quality. The proportion of 1-4-year-olds enrolled in daycare increased in line with availability, particularly prior to 2018. This indicates that the childcare market was likely

⁶In the robustness section, we show that our main findings are quantitatively similar when we use the full sample.

supply-constrained during this period.

3 Empirical strategy

To study the effects of daycare availability on maternal labor market outcomes, we exploit variation in daycare availability across regions and over time, comparing changes in maternal labor outcomes across areas with different changes in childcare availability. Figure 2 illustrates this variation, mapping the average annual growth in daycare slots (Panel A) and the average annual growth in the size of the 1-4 population (Panel B) across SA4s across 2013-2022. Panel A shows the highly uneven growth in supply of daycare slots across regions, with stronger growth observed in major cities and inner regions, reflecting that daycare centers in urban areas are likely to find it easier to recruit and retain staff and also face strong demand from dual-earners households. Panel B shows that regions with rapid growth in daycare slots also saw significant population growth, with the latter outpacing supply expansion in many cases. The differences in the growth of the 1-4 population and growth in the number of daycare slots across regions generates the spatial variation in daycare availability our empirical strategy exploits.

By construction, differences in local childcare availability are driven by changes in the number of daycare slots in an area (the numerator) as well as changes in the size of the local 1-4 population (the denominator). It is likely that these two factors may be influenced by other drivers that are also correlated with mothers' labor market outcomes. For example, daycare centers may be more likely to open (and survive) in high demand areas, such as those with strong local labor markets and/or a growing number of pre-school children: failing to account for these factors would lead to an upward bias in our estimates. On the other hand, faster population growth may occur in areas with strong labor markets and high maternal employment rates and/or high childcare availability; failing to account for this would bias our estimates downwards.

To address these endogeneity concerns, our empirical strategy estimates a triple-difference model in which we compare mothers of 1-4-year-olds to mothers whose youngest child is between

6 and 10 years old.⁷ Our key identifying assumption is that the labor market outcomes of mothers with school-aged children capture the influences of confounders that include local labor market conditions and the endogenous entry of new daycare providers. That is, changes in local daycare availability and quality are exogenous with respect to differences in outcomes between the two groups of mothers. This empirical strategy follows a growing number of studies in the related literature (e.g., [Brodeur and Connolly 2013](#); [Herbst 2017](#); [Halim, Johnson, and Perova 2022](#); [Russell and Sun 2022](#); [Marcos 2023](#); [Wikle and Wilson 2023](#); [Karademir, Laliberté, and Staubli 2024](#)), and is most closely related to [Wikle and Wilson \(2023\)](#), who study the impact of Head Start on mothers' labor market outcomes in the United States.

Formally, we estimate specifications of the following equation:

$$Y_{it} = \beta_1 \text{daycare availability}_{st} \times (\text{child aged 1-4})_{it} + \beta_2 \text{daycare availability}_{st} + \beta_3 (\text{child aged 1-4})_{it} + X'_{it} \Gamma + \phi_s + \delta_t + \epsilon_{it} \quad (1)$$

Here, Y_{it} is a labor market outcome, such as employment status, of mother i in year t . The coefficient β_1 captures the effect of local daycare availability (defined as the total number of daycare slots in area s divided by the 1-4 population) on affected mothers' outcomes (those with a 1-4-year-old) relative to the comparison group (mothers whose youngest child is between 6 and 10). Area (ϕ_s) and year (δ_t) fixed effects capture time-invariant local labor market characteristics and national variation over time respectively. X_{it} is a vector of individual mothers' time-varying characteristics including a quadratic in age, education (less than high school, high school, university degree or above), marital status (married, de facto, single), migration background (native, immigrant from an English-speaking country, immigrant from a non-English-speaking country), and the number of children. Standard errors are clustered at the area level (85 clusters) to account for potential correlated shocks among mothers in the same labor market. All regressions are weighted by individual weights provided in the HILDA survey.

⁷We do not analyze outcomes of five year-olds because, depending on their month of birth, some may still attend daycare while others begin compulsory schooling.

The coefficient β_2 captures the effect of any time-varying confounds that are correlated with local daycare availability, so long as they affect the outcomes of mothers of 1-4-year-olds and mothers of school-aged children similarly. That is, our identifying assumption requires that in the absence of a change in daycare availability, the gap in outcomes between mothers of 1-4-year-olds and those with older, school-aged children would have remained the same in areas that experienced changes in availability relative to those that did not. Given this key identifying assumption, any remaining differences in the gap in labor market outcomes between these two groups captures the causal effect of local daycare availability on mothers' labor market outcomes.

Table 1 provides summary statistics for our analysis sample, separating out our treatment group (mothers with a child aged 1-4) from our control group (mothers whose youngest child is aged 6-10), and separating areas that experienced a below-median increase in daycare availability from those experiencing an above-median increase in daycare availability. Column (7) reports the difference in characteristics between the two areas for mothers with a child aged 1-4, demonstrating that there are systematic and statistically significant differences between these two groups. Comparing columns (1) and (2), and columns (4) and (5), mothers with slightly older, school-aged children appear to be good candidates for counterfactual comparisons for mothers with younger children, as within-area differences in background characteristics, including educational attainment and marital status, are small (see columns 3 and 6). Importantly, column (8) shows that these within-area differences are broadly similar across regions that experienced larger versus smaller expansions in daycare availability. In particular, education, immigrant status, marital status, and family size appear balanced across the two types of regions, suggesting that compositional differences between mothers of preschool- and school-aged children are unlikely to be systematically related to the extent of daycare expansion. While this does not constitute a formal test, the observed balance supports the plausibility of the parallel-trend assumption underlying our triple-difference design. We further corroborate this assumption below using a series of pre-trend tests.

Following the same logic, we assess the importance of local daycare quality by estimating a

similar regression equation

$$\begin{aligned}
Y_{it} = & \beta_1 \text{daycare availability}_{st} \times (\text{child aged 1-4})_{it} + \beta_2 \text{daycare availability}_{st} \\
& + \gamma_1 \text{share of slots meeting NQS or above}_{st} \times (\text{child aged 1-4})_{it} \\
& + \gamma_2 \text{share of slots meeting NQS or above}_{st} \\
& + \beta_3 (\text{child aged 1-4})_{it} + X'_{it} \Gamma + \phi_s + \delta_t + \epsilon_{it}
\end{aligned} \tag{2}$$

where local quality measured as the share of daycare slots in area s and year t provided by services that either meet or exceed the National Quality Standard. As before, our approach assumes that the outcomes of our comparison group (mothers with older children) would adequately capture the effects of confounders (through γ_2), and attributes the remaining differences in outcomes between the two groups to the causal effect of changes in local quality ratings.

4 Results

4.1 Impact of daycare availability on utilization

We first document the first-order effects of local daycare availability on childcare usage. Our analysis takes advantage of detailed information on the types of care arrangements children receive in each survey year. We consider the following arrangements: (1) formal care, which includes the use of center-based daycare, kindergarten, preschool, and out-of-school-hours care; (2) family daycare; (3) paid sitter or nanny; and (4) informal care, which includes care given by grandparents, siblings, neighbors, friends, and relatives.

Table 2 presents the results obtained from estimating equation 1. Column 1 shows a positive and statistically significant (1 percent level) effect of daycare availability on the use of formal, center-based daycare. Our triple-difference estimate indicates that an increase in local daycare coverage by 10 percentage points (0.8 SD) raises the use of formal care among children aged 1-4

by 3.6 percentage points. Given that 30.3 percent of children in this age range enroll in formal daycare in our sample, this effect represents a 11.7 percent increase.

Given the observed large impact on formal care usage, a natural question is whether increased daycare availability crowds out other existing care arrangements. For example, in the context of Canada and Norway, [Baker, Gruber, and Milligan \(2008\)](#) and [Havnes and Mogstad \(2011b\)](#) show that the expansion of publicly subsidized childcare resulted in a crowding out of informal arrangements, leading to more modest or even no net change in maternal labor supply. The results in columns 2-4 suggest that there is little evidence of a crowding-out effect in our setting. In particular, obtained estimates of the effects of daycare availability on the use of family daycare, informal care, and paid nannies or babysitters are all close to zero and statistically insignificant.

In Table 3, we examine the effects of daycare availability on past and future use of formal care. As shown, we obtain statistically and economically insignificant estimates of whether a child receives formal care in $t - 2$ (coef = -0.070 , se = 0.072) and $t - 1$ (coef = 0.027 , se = 0.086). By contrast, there is a sharp uptick in formal care usage starting in t that stabilizes at over 30 percentage points over the following years. The absence of statistically significant pre-trends shown in Table 3 supports our key identifying assumption that, absent any change in childcare availability, local maternal labor market outcomes would have evolved in a similar way for mothers with children aged 1-4 and mothers whose youngest child is aged 6-10.

4.2 Impact of daycare availability on mothers' labor market outcomes

Table 4 reports the estimated effects of daycare availability on mothers' labor market outcomes. Column 1 shows that a 10 percentage point increase in local daycare coverage is associated with a 3.0 percentage point increase in the probability of employment among mothers with children aged 1-4. This effect, significant at the 1 percent level, represents a 4.2 percent increase in the employment rate relative to the sample average of 70.8%. Combining this estimate with the corresponding effect on formal care use yields an implied employment elasticity with respect to

formal care of 0.36 (0.042/0.116). These results are broadly consistent with prior findings: Müller and Wrohlich (2020) report that a 10 percentage point increase in childcare coverage raises labor force participation of mothers of toddlers by 2.2 percentage points in Germany, while Wikle (2023) estimates an elasticity of 0.34 in the context of Head Start in the US.

Columns 2 and 3 show that the overall employment effect is primarily driven by increased part-time employment (coef = 0.225, SE = 0.106), with little change in full-time employment (coef = 0.071, SE = 0.103).

In columns 4 and 5, we observe positive effects of daycare availability on the number of hours worked per week and hourly earnings.⁸ A 10 percentage point increase in daycare availability is associated with an increase of 8.8 hours worked per week and a \$12.18 increase in hourly earnings. To examine whether these effects operate through the extensive or intensive margin, in Appendix Table A1 we report estimates that condition on employment status in the previous survey wave. The results show that the effects are concentrated among mothers not employed in the prior year, suggesting that the availability of daycare primarily facilitates labor market entry among those previously constrained by care responsibilities.

In Table 5, we analyze the impact of daycare availability on mothers' past and future employment status. Echoing the childcare usage results in Table 3, we find no evidence of differential pre-trends: the coefficients on past employment are small and statistically insignificant. By contrast, we observe large and statistically significant increases in maternal employment beginning in t and persisting in the years that follow the expansion in daycare availability. Taken together, the absence of pre-trends in both childcare usage and employment outcomes reinforces the validity of our identifying assumption, while the post-expansion estimates highlight substantial labor market gains for mothers of young children.

⁸We derive hourly earnings by dividing total weekly wage and salary by the number of hours usually worked per week, then winsorize at the 1st and 99th percentiles.

4.2.1 Robustness

We assess the robustness of our findings to alternative sample restrictions and policy windows in Appendix Table A2. First, we exclude the survey years 2020–2022 and obtain results that are similar to our baseline, albeit less precisely estimated, suggesting that our findings are not driven by the COVID-19 pandemic.⁹ Next, we interact our triple-difference coefficient with indicators for pre- and post-2018 periods to assess whether our results are driven by the 2018 changes to childcare subsidies; we find statistically significant positive effects in both periods, with somewhat larger estimates in the post-2018 period that perhaps reflect the greater generosity of subsidies.

In row 3, we show that our results also hold when we use the full sample, which includes foreign-born mothers on temporary visas and those living in very remote regions. In rows 4 and 5, we explore alternative comparison groups, replacing mothers of school-aged children with either non-parents or mothers of 8–12-year-olds. In both cases, we find even larger effects than in our baseline. Finally, row 6 demonstrates that our results are robust to including mothers with infants (less-than-1-year-olds) in the treatment group, with corresponding adjustments to our measure of daycare availability.

Appendix Table A3 presents additional robustness checks. In row 1, we include state-by-year fixed effects, which further absorb time-varying confounders at the state level, with little change to our baseline estimates. In row 2, we instead control for SA4-specific linear time trends, and again the results remain large and statistically significant. In row 3, we add individual fixed effects to address potential compositional changes in the sample ([Lechner, Rodriguez-Planas, and Fernández Kranz 2016](#)). The estimates become somewhat less precise but remain of similar magnitudes with the exception of the hourly wage. Lastly, row 4 reports unweighted specifications, which yield quantitatively similar results.

Overall, the results presented thus far point to excess demand for daycare slots in Australia in the decade following the implementation of the National Quality Framework. As mentioned, a

⁹In Australia, lockdowns occurred in certain states for substantial proportions of 2020 and 2021, with some restrictions continuing into 2022.

key aspect of the NQF is the establishment of minimum qualification and educator-to-child ratio requirements, which could theoretically curb the growth of the supply of daycare services (Hotz and Xiao 2011). The results presented here provides strong evidence that relaxing supply constraints leads to an immediate and substantial surge in both formal care utilization and maternal labor supply, all without displacing existing care arrangements. We now turn our attention to quality standards and quality ratings and examine whether they are important factor behind mothers' employment decisions.

4.3 Does quality matter?

A priori, the effects of quality ratings on childcare usage and mothers' employment decisions are ambiguous. On the one hand, parents may view childcare primarily as a cost associated with workforce participation, placing limited emphasis on quality.¹⁰ On the other hand, parents may value quality but lack full information on relevant attributes.¹¹ Thus, government interventions that reduce informational constraints—such as establishing quality standards and publicizing ratings—can enable parents to make informed decisions regarding daycare utilization and workforce participation.

We begin by investigating whether parents' perceptions of local care quality respond to changes in daycare quality ratings. For this analysis, we take advantage of a HILDA survey question that asks respondents to rate, on a scale of 0 to 10, the difficulty they experienced in the previous 12 months in “finding good quality child care.” We recode the responses into a binary indicator that takes the value one if a mother reports experiencing difficulty above the median response, which in our data corresponds to a score greater than 1 on the 0-10 scale, and zero otherwise. We then correlate this binary outcome with the proportion of daycare slots provided by centers rated meeting

¹⁰Early evidence suggests that parents' demand for childcare services is relatively insensitive to quality-related attributes. For instance, Blau (2001) finds only a small correlation between family income and care quality, while Blau and Hagy (1998) indicate that parents generally do not pay extra for regulated aspects like staff-to-child ratios.

¹¹Mocan (2007) suggests that parents do not utilize all available information to assess childcare center quality, often focusing on less relevant factors, such as the cleanliness of entry areas.

NQS or above while holding daycare availability constant. Since the survey question is only administered to those who indicated they have used or thought about using any of the listed forms of childcare in the previous 12 months, responses from the vast majority of parents in our comparison group (those with 6-10-year-olds) are unavailable. Accordingly, we focus on analyzing responses of mothers of 1-4-year-olds only.

Table 6 reports the results. Column 1 regresses the outcome on daycare availability and the share of daycare slots rated as meeting or exceeding the NQS, controlling for maternal characteristics as well as SA4 and year fixed effects. The estimates show a strong correlation between the local share of high-rated daycare slots and parents' perceptions of local daycare quality. Moving from a setting in which all slots are provided by centers rated below the NQS (either provisional or "Working Toward NQS") to one in which all slots are provided by centers rated meeting or exceeding the NQS reduces the likelihood of parents reporting difficulty finding good-quality childcare by 23.4 percentage points, significant at the 5 percent level.

Columns 2–7 explore heterogeneity by household income, maternal education, and whether the mother is a first-time parent. The results indicate that the correlation between local quality ratings and parents' perceptions is particularly pronounced among high-income, more-educated, and first-time mothers. As we discuss in more detail below, these patterns are compatible with multiple potential mechanisms, though the cost of acquiring information appears to play an important role. Importantly, the findings suggest that at least a subset of parents actively take into account the quality ratings of local daycare centers published under the NQF when evaluating their childcare options.

Having examined mothers' awareness of quality ratings, we next assess whether local quality ratings influence childcare utilization and mothers' employment decisions. In Table 7, we extend the analysis from Table 2 by introducing two additional regressors: the share of daycare slots rated as meeting or exceeding the National Quality Standard (NQS), and its interaction with an indicator for having a child aged 1-4. The estimates indicate that higher local daycare quality is strongly associated with increased utilization of formal childcare. Specifically, column 1 shows that a full

transition of all daycare slots in a local area to meet or exceed the NQS is associated with a 14.4 percentage point increase in formal care use among families with young children, a sizable effect that is significant at the 1 percent level. Interestingly, we also observe a statistically significant increase in informal care use associated with improvements in local daycare quality. This pattern suggests that formal and informal care may function as complements rather than substitutes, particularly when formal care does not fully cover the hours mothers require to engage in paid work. These findings are consistent with [Busse and Gathmann \(2020\)](#), who document complementarities between formal and informal care arrangements among families with preschool-aged children in Germany.

Table 8 examines the impact of local daycare quality on mothers' labor market outcomes. The results indicate that higher daycare quality facilitates maternal employment. Column 1 shows that shifting all local daycare slots to centers rated meeting or exceeding the NQS increases employment among mothers of 1-4-year-olds by 11.0 percentage points, holding constant overall daycare availability. This effect is statistically significant at the 5 percent level. The estimated effects on hours worked and hourly earnings (columns 4 and 5) are also positive and statistically significant, though somewhat less precisely estimated. Overall, these findings suggest that improvements in daycare quality not only increase the likelihood that mothers participate in the labor force, but may also translate into higher labor supply and earnings.

In Table 9, we explore heterogeneity in the effects of daycare availability and quality ratings on maternal employment. Consistent with the average effects reported above, the estimates indicate that higher daycare quality is positively associated with maternal employment, but the responsiveness varies sharply across subgroups. Employment effects are concentrated among mothers in households with above-median income, those with a bachelor's degree, and especially first-time mothers. By contrast, we find little evidence of significant effects among mothers with lower income, without a university degree, or with more than one child. These patterns suggest that the average effects reported in Table 8 mask important heterogeneity in who benefits from improved daycare quality.

Several mechanisms may account for these differences. One potential explanation could be the relationship between quality and price. If higher quality services lead to increased costs, we might expect high-SES parents to be the primary beneficiaries of improved daycare quality, as low-SES families may be priced out of these options. However, existing empirical evidence on the link between price and quality is mixed. Appendix Table A4 shows that while daycare availability strongly reduces the likelihood that parents report difficulty finding *affordable* childcare, quality ratings appear to have little impact. In additional unreported analysis, we examine survey responses on the actual cost of using formal care (net of government subsidies) and likewise find no significant relationship with quality ratings, suggesting that factors other than price are driving the heterogeneous responses.

A second explanation lies in the difficulty with which different families acquire information. High-SES parents may find it easier to access daycare quality ratings through better search tools, more focused attention to service quality, or access to more informed peer networks ([Mocan 2007](#); [Alexandersen et al. 2021](#)). This heightened awareness could enable them to identify and choose better-rated daycare centers more effectively, thus benefiting more directly from quality improvements. This also explains why first-time parents are also more responsive to changes in quality ratings, as the lack of prior experience with daycare services means they may have to rely more on official ratings to make informed decisions.

Finally, preferences and financial constraints may contribute to the observed results. While low-SES families may prioritize maintaining a steady income, potentially leading to higher reliance on any available care, high-SES families may have the financial flexibility to demand a certain standard of daycare quality before committing to non-parental care options. This difference in constraints and preferences could explain why higher-quality daycare appears to facilitate labor force participation more strongly among high-SES mothers.

5 Conclusion

Taken together, the results presented in this paper indicate that daycare quality, alongside availability, is an important determinant of mothers' employment decisions and labor market outcomes. Our findings contribute to a growing literature that explores the effects of subsidized childcare expansions, which have sometimes been associated with mixed or even adverse impacts on children's long-term developmental outcomes ([Baker, Gruber, and Milligan 2008](#); [Baker, Gruber, and Milligan 2019](#)). Where there may be a tension between policies aimed at boosting maternal workforce participation and those focused on fostering child development, our results offer a pathway to bridging this gap. By expanding access to high-quality daycare and increasing the transparency and accessibility of quality ratings, policymakers could potentially support maternal employment without compromising, and perhaps even enhancing, early childhood development.

Our findings offer several implications for policy design concerning public childcare provision and point to several areas where policies could potentially yield important benefits. First, policymakers may consider a more nuanced approach to childcare subsidies. Rather than focusing solely on increasing the quantity of childcare slots, a tiered subsidy system that incentivizes both the provision and utilization of high-quality care could be explored ([Herbst 2018b](#); [Berlinski et al. 2024](#)). Such a system could offer higher subsidy rates for childcare centers that meet stringent quality standards, potentially encouraging providers to invest in quality improvements while simultaneously making high-quality care more affordable for families.

Second, our results highlight the potential importance of information dissemination in childcare markets. Future research could investigate the effectiveness of comprehensive quality rating and improvement systems in equipping parents with easily understandable information about childcare quality ([Bassok, Dee, and Latham 2019](#); [Philipp et al. 2025](#)). These systems could be coupled with targeted outreach and education programs to help parents, particularly those from disadvantaged backgrounds, understand the importance of quality in early childhood education and how to interpret quality ratings.

Lastly, while our study does not directly examine the childcare workforce, the importance of quality in our findings suggests that this could be a fruitful area for future policy research. Investigations into policies aimed at improving the qualifications, training, and compensation of childcare workers could provide valuable insights into how to enhance care quality, which our results suggest could enhance the welfare of both mothers and young children.

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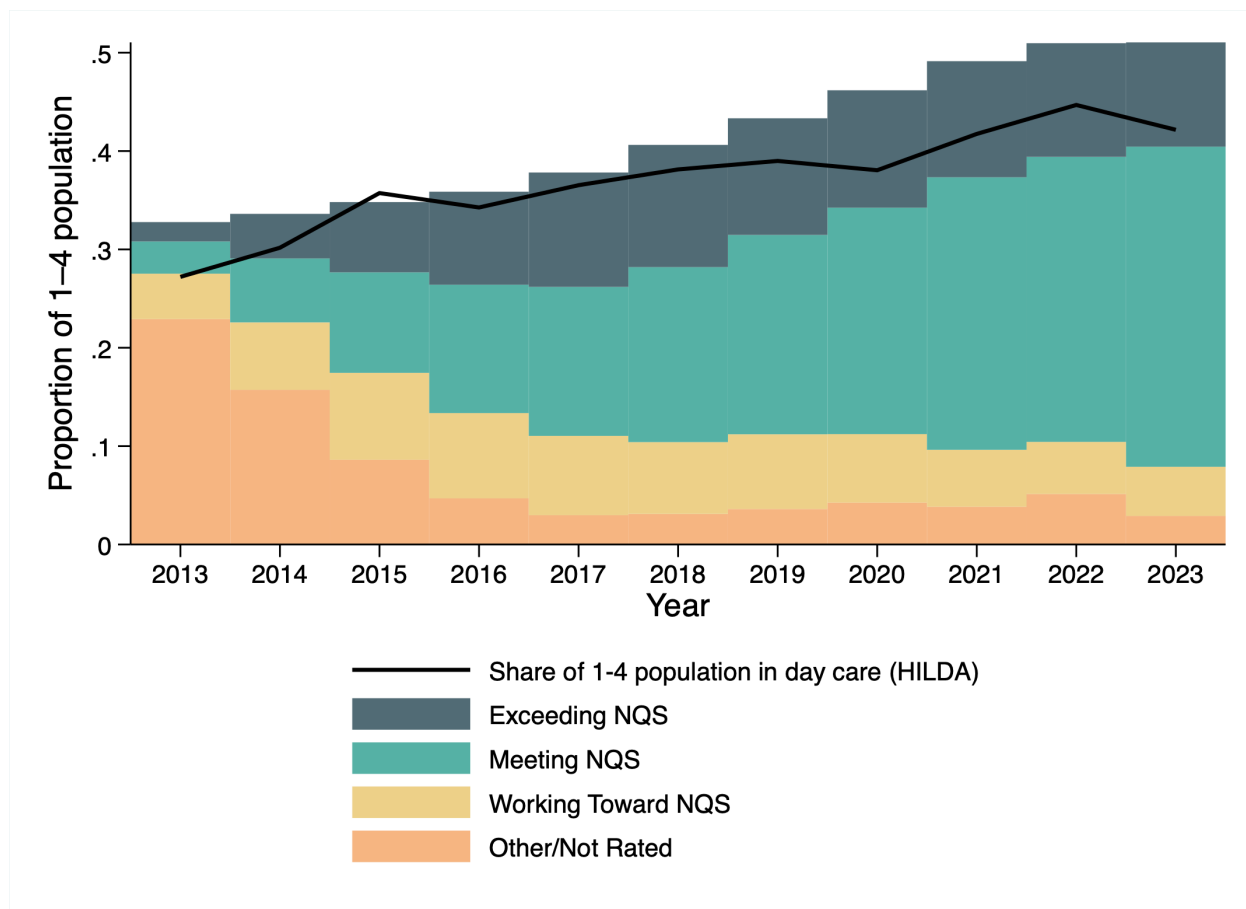
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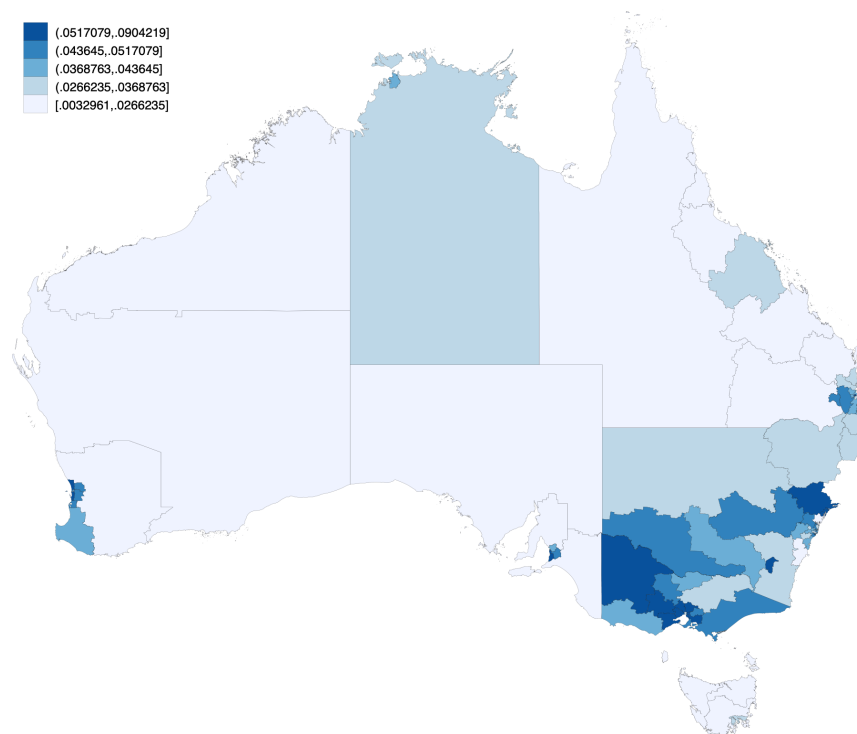
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Figure 1. Trends in Daycare Coverage and Usage Among Children Aged 1-4, 2013-2023

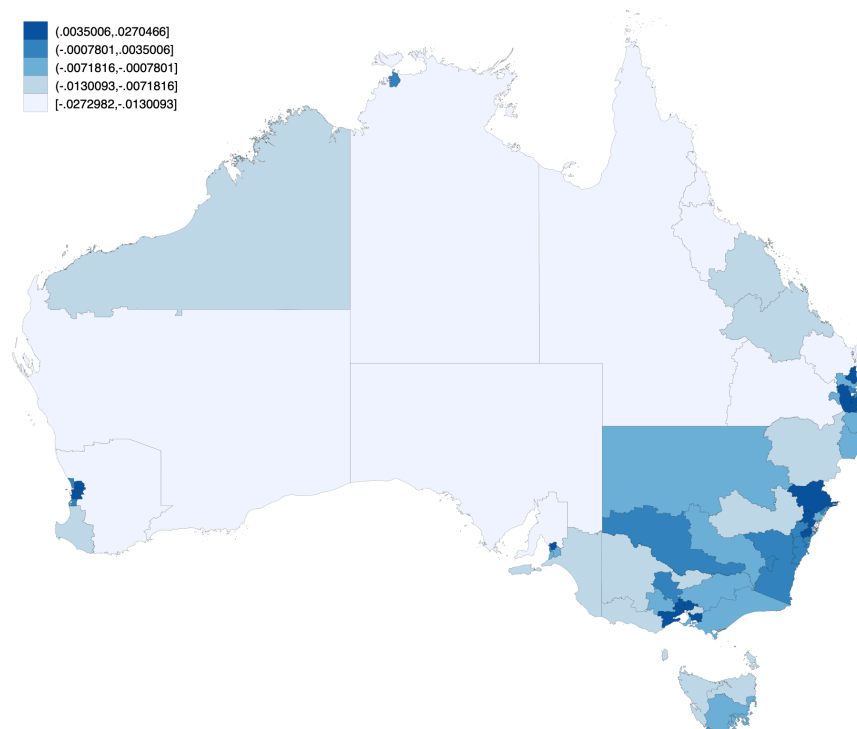


Notes—Bars represent total daycare availability per child aged 1-4, disaggregated by ACECQA quality rating. The black line plots the proportion of 1-4-year-olds in formal daycare.

Figure 2. Spatial Distribution of Daycare Slots and Population by SA4, 2013-2023



Panel A. Average Annual Growth in Daycare Slots



Panel B. Average Annual Growth in 1–4-Year-Old Population

Table 1: Summary Statistics for Analysis Sample of Mothers, 2013-2023

	Below-Median Increase in Day Care Availability			Above-Median Increase in Day Care Availability			Diff. (4)-(1)	Diff. (6)-(3)
	With a 1-4- Year-Old (1)	No 1-4- Year-Old (2)	Diff. (1)-(2) (3)	With a 1-4- Year-Old (4)	No 1-4- Year-Old (5)	Diff. (4)-(5) (6)		
Employed	0.57	0.75	-0.18	0.70	0.80	-0.09	0.13***	0.09***
Usual hours	14.79	22.41	-7.62	19.26	24.57	-5.32	4.47***	2.30***
Weekly Earnings	528.02	755.50	-227.48	790.66	977.88	-187.22	262.64***	40.26
Hourly Earnings	19.69	24.54	-4.85	27.59	30.32	-2.73	7.90***	2.12***
Age	32.27	39.25	-6.98	34.16	41.21	-7.05	1.89***	-0.07
Bachelor's degree or above	0.26	0.25	0.01	0.46	0.47	-0.01	0.20***	-0.02
Foreign born	0.11	0.14	-0.03	0.18	0.23	-0.04	0.08***	-0.01
Married	0.55	0.55	-0.00	0.68	0.68	0.01	0.14***	0.01
Number of children	2.25	2.48	-0.23	2.09	2.31	-0.22	-0.17***	0.01
Age of youngest child	2.29	7.88	-5.58	2.29	7.93	-5.64	-0.00	-0.05
Use institutional formal care	0.43	0.17	0.26	0.54	0.24	0.30	0.11***	0.05***
Use family daycare	0.14	0.02	0.13	0.13	0.01	0.11	-0.02**	-0.01*
Use a paid sitter/nanny	0.02	0.01	0.00	0.05	0.04	0.01	0.04***	0.01
Use informal care	0.46	0.42	0.04	0.49	0.42	0.07	0.03***	0.03*
Observations	3,702	2,706		5,168	3,911			

Notes—Sample includes mothers with a child aged 1-4 (columns 1 and 4) or whose youngest child is between 6 and 10 (columns 2 and 5). Sample means are weighted using individual weights. Column 7 and 8 indicates statistically significant differences between columns 1 and 4 and columns 3 and 6, respectively. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 2: Effects of Daycare Availability on Childcare Use

	Outcome: Care Arrangement			
	Formal Centre-Based (1)	Formal Family Daycare (2)	Informal Care (3)	Paid Sitter/Nanny (4)
Daycare availability × child aged 1-4	0.355*** (0.090)	-0.025 (0.046)	-0.011 (0.074)	-0.028 (0.034)
Daycare availability	-0.363*** (0.122)	-0.031 (0.054)	-0.164 (0.166)	-0.131 (0.085)
Child aged 1-4	0.130*** (0.048)	0.102*** (0.022)	0.011 (0.039)	0.012 (0.019)
Dependent mean	0.303	0.058	0.367	0.036
Observations	27,910	27,910	27,910	27,910

Notes—Sample includes children aged 1-4 and 6-10 from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare slots per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of siblings; a cubic in mother's age; indicators for mother's education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level.

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 3: Childcare Use Before and After Changes in Daycare Availability

	Child Outcome: Use of Formal Centre-Based Care				
	$t-2$	$t-1$	t	$t+1$	$t+2$
	(1)	(2)	(3)	(4)	(5)
Daycare availability	-0.070	0.027	0.355***	0.325***	0.376***
× child aged 1-4	(0.072)	(0.086)	(0.090)	(0.088)	(0.092)
Daycare availability	0.032	-0.150	-0.363***	-0.579***	-0.630***
	(0.125)	(0.124)	(0.122)	(0.173)	(0.203)
Child aged 1-4	-0.015	0.152***	0.130***	0.139***	0.098**
	(0.043)	(0.046)	(0.048)	(0.046)	(0.045)
Dependent mean	0.269	0.271	0.303	0.287	0.247
Observations	24,612	27,290	27,910	24,812	21,951

Notes—Sample includes children aged 1-4 and 6-10 from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare slots per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of siblings; a cubic in mother's age; indicators for mother's education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 4: Effects of Daycare Availability on Mothers' Labor Market Outcomes

	Employed	Employed: Part-Time	Employed: Full-Time	Usual Hours	Hourly Earnings
	(1)	(2)	(3)	(4)	(5)
Daycare availability	0.296***	0.225**	0.071	8.789**	12.183***
× (child aged 1–4)	(0.092)	(0.106)	(0.103)	(3.773)	(4.387)
Daycare availability	-0.281*	-0.264	-0.017	-1.172	17.402**
	(0.148)	(0.203)	(0.171)	(5.730)	(8.160)
Child aged 1–4	-0.229***	-0.067	-0.162**	-10.302***	-6.968***
	(0.054)	(0.067)	(0.062)	(2.153)	(2.219)
Dependent mean	0.708	0.417	0.291	20.853	26.111
Observation	15,487	15,487	15,487	15,487	15,149

Notes—Sample includes mothers with a 1-4-year-old child or whose youngest child is aged 6-10, using data from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 5: Maternal Employment Before and After Changes in Daycare Availability

	Outcome: Employed				
	$t-2$ (1)	$t-1$ (2)	t (3)	$t+1$ (4)	$t+2$ (5)
Daycare availability × child aged 1-4	0.127 (0.097)	0.147 (0.089)	0.296*** (0.092)	0.243** (0.098)	0.192* (0.109)
Daycare availability	-0.063 (0.163)	-0.190 (0.163)	-0.281* (0.148)	-0.309* (0.175)	-0.457*** (0.171)
Child aged 1-4	-0.154** (0.062)	-0.166*** (0.053)	-0.229*** (0.054)	-0.181*** (0.057)	-0.152** (0.063)
Dependent mean	0.639	0.648	0.708	0.715	0.730
Observations	14,861	15,175	15,487	13,646	12,001

Notes—Sample includes mothers with a 1-4-year-old child or whose youngest child is aged 6-10, using data from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 6: Correlation between Mothers' Perceptions of Local Daycare Quality and Quality Ratings

	Outcome: Experienced Difficulty in Finding High-Quality Childcare in the Past 12 Months						
	Full sample	Household income below median	Household income above median	No bachelor's degree	Bachelor's degree	First-Time Mothers	Mothers with More than One Child
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Share of daycare slots meeting NQS or above	-0.234** (0.107)	-0.040 (0.136)	-0.479*** (0.136)	-0.213 (0.152)	-0.256* (0.135)	-0.374** (0.157)	-0.151 (0.107)
Daycare availability	-1.126*** (0.302)	-0.842* (0.503)	-1.265*** (0.347)	-1.035** (0.429)	-1.095*** (0.374)	-1.331*** (0.392)	-0.953*** (0.314)
Dependent mean	0.498	0.504	0.492	0.484	0.511	0.540	0.473
Observations	6,450	3,225	3,225	3,501	2,946	2,247	4,201

Notes—Sample includes mothers with a 1-4-year-old child who used or considered using childcare in the previous 12 months and rated the difficulty of finding good-quality care on a 0-10 scale. The outcome is an indicator equal to one if the reported difficulty is above the median. Daycare availability is measured as the number of center-based daycare slots per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. *** $p < 0.01$.

Table 7: Effects of Daycare Availability on Childcare Use

	Care Arrangements			
	Formal Centre-Based (1)	Formal Family Daycare (2)	Informal Care (3)	Paid Sitter/Nanny (4)
Share of daycare slots meeting NQS or above $\times$ child aged 1–4	0.144*** (0.044)	0.011 (0.022)	0.093** (0.041)	0.001 (0.015)
Share of daycare slots meeting NQS or above	-0.063 (0.051)	-0.010 (0.027)	-0.014 (0.057)	-0.023 (0.018)
Daycare availability $\times$ child aged 1–4	0.241** (0.095)	-0.033 (0.048)	-0.084 (0.077)	-0.029 (0.037)
Daycare availability	-0.320** (0.123)	-0.031 (0.057)	-0.125 (0.166)	-0.141 (0.088)
Child aged 1–4	0.084 (0.053)	0.099*** (0.023)	-0.019 (0.040)	0.012 (0.021)
Dependent mean	0.303	0.058	0.367	0.036
Observations	27,910	27,910	27,910	27,910

Notes—Sample includes children aged 1–4 and 6–10 from waves 2013–2023 of HILDA. Daycare availability is measured as the number of center-based daycare slots per 1–4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of siblings; a cubic in mother’s age; indicators for mother’s education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1–4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 8: Effects of Daycare Availability and Quality Ratings on Mothers' Labor Market Outcomes

	Employed (1)	Employed: Part-Time (2)	Employed: Full-Time (3)	Usual Hours (4)	Hourly Earnings (5)
Share of daycare slots meeting NQS or above $\times$ child aged 1–4	0.110** (0.054)	0.064 (0.080)	0.046 (0.069)	4.438** (2.194)	4.712* (2.663)
Share of daycare slots meeting NQS or above	-0.002 (0.071)	0.044 (0.074)	-0.047 (0.070)	-2.213 (2.768)	1.108 (3.534)
Daycare availability $\times$ child aged 1–4	0.211** (0.101)	0.176 (0.131)	0.035 (0.119)	5.363 (4.034)	8.561* (4.480)
Daycare availability	-0.203 (0.156)	-0.197 (0.212)	-0.006 (0.186)	0.942 (6.121)	21.221*** (8.000)
Child aged 1–4	-0.266*** (0.056)	-0.089 (0.063)	-0.177*** (0.061)	-11.754*** (2.274)	-8.527*** (2.615)
Dependent mean	0.708	0.417	0.291	20.853	26.111
Observations	15,487	15,487	15,487	15,487	15,149

Notes—Sample includes mothers with a 1-4-year-old child or whose youngest child is aged 6-10, using data from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 9: Effects of Daycare Availability and Quality Ratings on Maternal Employment, Heterogeneity Analysis

	Outcome: Employed						
	Full sample	Household income below median	Household income above median	No bachelor's degree	Bachelor's degree	First-Time Mothers	Mothers with More than One Child
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Share of daycare slots meeting NQS or above × child aged 1–4	0.110** (0.054)	0.033 (0.078)	0.156** (0.062)	0.048 (0.070)	0.173** (0.067)	0.321*** (0.094)	0.045 (0.064)
Share of daycare slots meeting NQS or above	-0.002 (0.071)	0.108 (0.101)	-0.067 (0.084)	0.076 (0.096)	-0.094 (0.094)	-0.090 (0.122)	0.014 (0.089)
Daycare availability × child aged 1–4	0.211** (0.101)	0.152 (0.185)	0.092 (0.106)	0.289* (0.150)	0.031 (0.167)	-0.066 (0.142)	0.317** (0.124)
Daycare availability	-0.203 (0.156)	-0.286 (0.297)	-0.236 (0.212)	-0.069 (0.222)	-0.376 (0.237)	0.326 (0.367)	-0.361* (0.193)
Child aged 1–4	-0.266*** (0.056)	-0.238** (0.098)	-0.177** (0.070)	-0.293*** (0.085)	-0.171* (0.101)	-0.218** (0.086)	-0.287*** (0.073)
Dependent mean	0.708	0.611	0.841	0.613	0.839	0.739	0.696
Observations	15,487	5,868	5,868	9,628	5,859	4,079	11,408

Notes—Sample includes mothers with a 1–4-year-old child or whose youngest child is aged 6–10, using data from waves 2013–2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1–4-year-old population in a Statistical Area Level 4 (SA4). Heterogeneity by income is defined relative to the median of gross household income in the previous fiscal year. All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1–4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$,

Appendix Table A1: Effects of Daycare Availability by Prior Employment Status

	Employed (1)	Employed: Part-Time (2)	Employed: Full-Time (3)	Usual Hours (4)	Hourly Earnings (5)
Daycare availability $\times$ child aged 1-4					
$\times$ not employed in t-1	0.362*** (0.078)	0.146 (0.110)	0.216** (0.105)	14.103*** (3.245)	10.000** (4.880)
$\times$ employed in t-1	0.190*** (0.054)	0.190** (0.092)	-0.000 (0.101)	4.284 (2.917)	7.636* (4.198)
Daycare availability	-0.206** (0.095)	-0.227 (0.200)	0.021 (0.171)	0.906 (4.122)	18.944** (7.219)
Child aged 1-4	-0.143*** (0.034)	-0.024 (0.060)	-0.119* (0.063)	-7.345*** (1.739)	-3.424 (2.239)
Dependent mean	0.704	0.414	0.290	20.759	26.140
Observations	14,851	14,851	14,851	14,851	14,851

Notes—Sample includes mothers with a 1-4-year-old child or whose youngest child is aged 6 to 10, using data from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1-4-year-old population in a Statistical Area Level 4 (SA4). All regressions control for employment status in $t - 1$; the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$,

Appendix Table A2: Robustness to Sample Restrictions and Policy Windows

Independent variable: Daycare availability × (child aged 1–4)	Outcomes				
	Employed	Employed: Part-Time	Employed: Full-Time	Usual Hours	Hourly Wage
	(1)	(2)	(3)	(4)	(5)
(1) Excluding 2020-2022	0.213* (0.095)	0.145 (0.110)	0.069 (0.101)	8.170* (3.964)	9.891* (4.665)
(2) Policy robustness (pre vs post 2018) × 2013-2018	0.172* (0.103)	0.102 (0.159)	0.071 (0.136)	5.525 (3.854)	11.993*** (4.488)
× 2019-2023	0.267*** (0.089)	0.196* (0.113)	0.071 (0.102)	8.012** (3.525)	12.138*** (4.172)
(3) No sample restrictions	0.296*** (0.092)	0.225** (0.106)	0.071 (0.103)	8.789** (3.773)	12.183*** (4.387)
(4) Non-parents as comparison group	0.388*** (0.086)	0.153* (0.087)	0.236*** (0.078)	15.325*** (3.049)	19.285*** (4.688)
(5) Mothers of 8-12-year-olds as comparison group	0.350*** (0.100)	0.218** (0.106)	0.132 (0.097)	12.362*** (3.877)	15.967*** (4.624)
(6) Including mothers with less-than-1-year-olds	0.350*** (0.099)	0.220** (0.105)	0.131 (0.097)	12.384*** (3.872)	16.019*** (4.667)

Notes—Each row reports the triple-difference coefficient on daycare availability (× child aged 1-4) from a separate specification. Sample includes mothers with a 1-4-year-old child or whose youngest child is aged 6-10, using data from waves 2013-2023 of HILDA. Daycare availability is measured as the number of center-based daycare places per 1-4-year-old population in a Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$,

Appendix Table A3: Robustness of Labor Market Effects to Alternative Specifications

Independent variable: Daycare availability × (child aged 1–4)	Outcomes				
	Employed	Employed: Part-Time	Employed: Full-Time	Usual Hours	Hourly Wage
	(1)	(2)	(3)	(4)	(5)
(1) Including state × year FEs	0.289*** (0.093)	0.225** (0.105)	0.064 (0.103)	8.479** (3.794)	11.664*** (4.352)
(2) Including SA4 linear trends	0.249*** (0.093)	0.223** (0.110)	0.026 (0.104)	7.010* (3.710)	8.968** (4.165)
(3) Including individual FEs	0.260** (0.105)	0.221 (0.153)	0.038 (0.124)	5.630 (3.769)	1.876 (5.147)
(4) Unweighted	0.252*** (0.076)	0.263*** (0.092)	-0.011 (0.085)	5.823** (2.793)	5.626 (3.628)

Notes—Each row reports the triple-difference coefficient on daycare availability (× child aged 1-4) from a separate specification. Daycare availability is measured as the number of center-based daycare places per 1–4-year-old population in a Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate and its interaction with an indicator for having a child aged 1-4; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$,

Appendix Table A4: Correlation between Mothers' Perceptions of Local Daycare Affordability and Quality Ratings

	Outcome: Experienced Difficulty in Finding Affordable Childcare in the Past 12 Months						
	Full sample	Household income below median	Household income above median	No bachelor's degree	Bachelor's degree	First-Time Mothers	Mothers with More than One Child
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Share of daycare slots meeting NQS or above	0.088 (0.087)	0.120 (0.120)	0.056 (0.123)	0.043 (0.142)	0.122 (0.135)	-0.285 (0.176)	0.293** (0.115)
Daycare availability	-0.450 (0.275)	-0.906** (0.428)	-0.233 (0.286)	-0.413 (0.420)	-0.495 (0.366)	-0.626 (0.445)	-0.236 (0.315)
Dependent mean	0.608	0.586	0.629	0.625	0.593	0.574	0.628
Observations	6,381	3,138	3,174	3,460	2,918	2,209	4,170

Notes—Sample includes mothers with a 1-4-year-old child who used or considered using childcare in the previous 12 months and rated the difficulty of finding affordable childcare on a 0-10 scale. The outcome is an indicator equal to one if the reported difficulty is above the median. Daycare availability is measured as the number of center-based daycare slots per 1-4-year-old in each Statistical Area Level 4 (SA4). All regressions control for the number of children; a cubic in age; indicators for education, marital status, Indigenous status, and migration background (native, English-speaking immigrant, non-English-speaking immigrant); the local unemployment rate; and SA4 and year fixed effects. Regressions are weighted by individual weights, and standard errors are clustered at the SA4 level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. *** $p < 0.01$.