Early childhood education and care (ECEC) services in the workplace can provide a range of benefits for families and increase flexibility. This may include on-site ECEC or places reserved and sourced by the employer off-site and in a range of service types, including family day care.

When surveyed, only small numbers of services, including 3.9 per cent of long day care services, provided on-site ECEC, with 2.9 per cent located next to businesses. This suggests that despite the benefits, there are complexities in establishing on-site centre-based services. Access to on-site ECEC assures employees of access to places, particularly in high-demand areas—such as central business districts. Parents and the workplace can benefit from easier parent/child contact when parents can more easily attend functions at their ECEC service—it can also support the return to work, breastfeeding and greater workplace flexibility. On-site ECEC may also remove the stress of leaving work early to pick up children from far flung locations, and provide residual opportunities for parents to interact with children before, after and during work hours.

Employers providing on-site services also benefit. Family-friendly policies, which include the provision of ECEC, can help to enhance productivity of employees by securing workforce attachment and retaining business investment in the skills of employees. Employers may also maximise taxation benefits for employees associated with on-site childcare.

As a result of these benefits many employers are looking at the provision of direct children's services, such as a long day care service, to support their employees. This provides opportunities for new partnerships with ECEC services which may occur through informal networks, tenders or expression of interest processes.

‘Employers are most often interested in partnering with an external children’s services manager to provide these services on a day-to-day basis. Employers recognise that children’s services delivery is not their core business and they want to have an arms-length relationship as part of their risk management.’ (Warrilow, 2014 p. 6)

Prue Warrilow, CEO of Families at Work, suggests that there needs to be several thousand employees co-located with or near the work-based children’s services facility to ensure adequate current and future child population to operate a financially viable facility (Warrilow, 2014).

Taxation and management implications

Exemptions under Fringe Benefits Tax Assessment Law are a key incentive for corporations to become engaged in on-site child care arrangements. There are two types; s47(2) which provides exemption for use of child care on business premises, and s47(8) which provides priority of access to employees to child care places.

Exemption under s47(2) may enable families to access salary packaging benefits. However, the employer must demonstrate it has the requisite possessory entitlement and degree of control described in Taxation Ruling TR 2000/4. Despite the control requirements, services may still provide some places for employees of corporate partners, but also give access to families in the broader community.
As there are legal and taxation implications to establishing centre-based services, professional advice is recommended when considering the structure of workplace ECEC arrangements.

Building workplace early childhood centres

The design and construction of centres in a dense urban environment can be difficult, particularly if centres are being retrofitted in multi-storey commercial premises.

Understanding Building Code of Australia requirements and early childhood licensing requirements are crucial to ensuring that services are safe and provide quality environments for children.

Building successful business partnerships

The relationship with the corporate partner is crucial, particularly the alignment of values between the corporate partner and the ECEC provider (Warrilow, 2014).

Once the partnership has been formed, regular communication between partners is also important.

As the corporate partner is entering into the arrangement, this poses a variety of risks for them as well as the service. Understanding and managing all of the risks associated with the arrangements is necessary, particularly reputational risks to the corporate partner as a result of ECEC practices.

Six tips on workplace early childhood services

1. Research your area—for example, conducting a workplace ECEC feasibility study—to better understand the market and families’ needs.

2. Look out for opportunities to form partnerships with large employers and identify any funding available to implement flexible practices.

3. Seek professional advice on corporate ‘control’ requirements for on-site early childhood services under Fringe Benefits Tax law and other requirements.

4. Seek advice on licensing and building requirements and think about the design and environment of workplace ECEC services to ensure quality and safety for children.

5. Build strong relationships with corporate clients and meet regularly to discuss employee needs.

6. Develop risk management practices which also take into account the risks borne by the corporate partner.

For more information and resources on flexibility in early childhood services, please visit www.earlychildhoodaustralia.org.au/our-work/early-childhood-flexibility-practices-patterns/.

References