

## [Building Early Education Fund]

## FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

**Table 1: Formalities and operation of schedule**

Parties	Commonwealth Victoria (the State)																														
Duration	This Schedule is expected to expire on 30 June 2029, or on completion of the initiative (whichever is later), including completion of construction, final performance reporting and processing of final payments against milestones.																														
Purpose	This Schedule will support the delivery of capital infrastructure projects through the Building Early Education Fund (the Building Fund) to build new early childhood education and care (ECEC) centres or services (used interchangeably) or increase the capacity of existing ECEC centres or services, to be operated by high-quality not-for-profit providers, Aboriginal Community Controlled Organisations (ACCOs) and state or local governments. All funding must be used to increase total ECEC capacity or to bring forward planned increases in total ECEC capacity, additional to current capacity.																														
Estimated financial contributions	<p>The Commonwealth must provide a capped total financial contribution to the State of up to \$63.2 million in respect of this Schedule to establish new or expanded ECEC centres on or near school sites, where possible. This funding is expected to support the creation of around 1,110 ECEC places. Co-contributions from the State or third parties may also be used to support projects funded under this Schedule. Funding in each financial year will be contingent on the cost of projects, and milestones reached by each project.</p> <table><tr><th colspan="6">Table 1</th></tr><tr><th>(\$ million)</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>2028-29</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>~</td><td>~</td><td>~</td><td>~</td><td>170.1</td></tr><tr><td>Less estimates National Partnership Payments</td><td>42.3</td><td>10.5</td><td>8.8</td><td>1.6</td><td>63.2</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>~</td><td>~</td><td>~</td><td>~</td><td>106.9</td></tr></table>	Table 1						(\$ million)	2025-26	2026-27	2027-28	2028-29	Total	Estimated total budget	~	~	~	~	170.1	Less estimates National Partnership Payments	42.3	10.5	8.8	1.6	63.2	Balance of non-Commonwealth contributions	~	~	~	~	106.9
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Additional Terms																															
1.	Allocation and Use of Funding																														
a)	<p>\$15.0 million of this funding must be used to implement the following ‘Australian Government commitments’:</p> <ul style="list-style-type: none"><li>o \$5 million for an ECEC centre in Melton South – Weir Views, to be delivered through the centre under construction at Murrum Primary School;</li><li>o \$5 million for an ECEC centre in Brimbank, to be delivered through the centre under construction at Kings Park Primary School; and</li><li>o \$5 million for an ECEC centre in Loddon, to be delivered through the centre under construction at Wedderburn College.</li></ul>																														
b)	<p>Remaining funding of up to \$48.2 million must be allocated to ‘Eligible Projects’ (see <b>Appendix B</b>) jointly agreed by the Parties (or delegates), to build or expand the capacity of quality ECEC centres, prioritising areas where the State and the Commonwealth agree there is both an undersupply of ECEC (current or projected), and relative socio-economic disadvantage (as outlined in the criteria in <b>Appendix B</b>).</p>																														

**Table 1: Formalities and operation of schedule**

c)	Ten percent of 'Eligible Project' project funding (up to \$4.8 million) to be provided to the State as 'contingency funding' (see <b>Appendix B</b> ).
d)	'Eligible Projects' will be recorded in <b>Appendix A</b> . Where relevant, further details about projects will be inserted by the Parties' delegates after the State advises information is no longer in-confidence.
e)	Projects (meaning 'Australian Government commitments' and 'Eligible Projects') and allocation of contingency funding must meet the relevant requirements outlined in <b>Appendix B</b> . Any underspends on 'Eligible Projects' must be redirected to other capital projects to increase ECEC capacity. For 'Australian Government commitments', where there are expected overspends or significant underspends (greater than \$0.5 million), jurisdictions must write to the Commonwealth to seek a resolution.
<b>2.</b>	<b>Milestones</b>
a)	Commonwealth funding for projects will be provided upon achievement of the milestones outlined at <b>Table 2</b> .
<b>3.</b>	<b>Announcement and recognition</b>
a)	The Commonwealth will engage with the State to identify potential opportunities for joint announcement of projects between the Australian Government and the State. For the purposes of Clause 21 of the Federation Funding Agreement – Education and Skills, announcement and recognition requirements for the Commonwealth's financial contributions are set out at <b>Appendix B</b> .
<b>4.</b>	<p><b>Quarterly reporting and payment on performance milestones</b></p> <p>The State must provide quarterly reporting on the program by twenty Business Days after the end of each March, June, September and December including evidence of achievement of performance milestones until all projects are delivered and operational. With the exception of the first payment, the Commonwealth will approve and make payments quarterly in arrears, based on evidence provided in quarterly reports, for any project milestones met in the quarter.</p> <p>Quarterly reports will contain updates on project activity, any material changes to scope, budget or delivery schedule, evidence for project milestones achieved in the relevant period against agreed milestone descriptions, total expenditure on projects and achievement of policy targets, use of contingency funding, updates on the proposed operator, and plans for upcoming announcements. The template to support reporting will be agreed between the Parties.</p> <p>Payments will be made in arrears, except for the first payment, with 40% plus 10% contingency upon agreement of the FFA Schedule, 40% upon a builder being contracted and the remaining 10% upon completion of the final report, including building completion certificate. For the 'Australian Government commitments', 100% of funding will be paid upon completion of projects.</p> <p>The Parties' delegates will meet regularly, to support the governance of this Schedule, including to discuss any shared risk.</p> <p>In consultation with the State, the Commonwealth may visit the site, including with third party representatives.</p> <p>The State is expected to alert the Commonwealth to any material issues as they arise, including project delays and significant cost overruns as they arise, where these present a risk to project delivery.</p>
<b>5.</b>	<p><b>Acquittal of funds</b></p> <p>States must maintain records of the acquittal of all funds received from the</p>

**Table 1: Formalities and operation of schedule**

	Commonwealth under this Schedule sufficient to verify that such funds have not been used in a manner contrary to agreed fund usage.
6.	<p><b>Variations</b></p> <p>For the purposes of Part 6 of the Federation Funding Agreement – Education and Skills variations to this Schedule, including to projects, project milestones, and project budgets, may, by written agreement, be made by the Parties from time to time. Following written agreement by the Parties, the Parties’ delegates will update <b>Appendix A.</b></p>



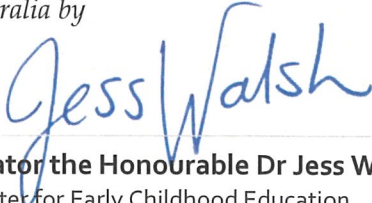
**Table 2: Performance requirements, reporting and payment summary**

Performance milestones	Report due	Payment*
<b>Agreement to FFA schedule</b> Upon signing of this FFA, including acceptance of key activities, reporting and milestones. 50% of funding for each 'Eligible Project' (this includes funding for contingencies).	On execution	\$24.1 million
<b>Quarterly reports</b> March will be for the period 1 January to 31 March June will be for the period 1 April to 30 June September will be for the period 1 July to 30 September December will be for the period 1 October to 31 December	Due twenty Business Days after the end of January, April, July, October (until project completion, including where that is after 30/06/2029)	Nil
<b>Builder of project is contracted</b> The Commonwealth approves evidence of commencement or contractual relationship provided by the State, which may include Contract and photos of construction commencement. 40% of funding for each 'Eligible Project'. Estimated project milestone dates are included in Appendix A.	2025-2026 2026-2027 2027-2028	\$3.2 million \$9.7 million \$6.4 million
<b>Final report</b> The final report should also include the Building Completion certificates/reports, and evidence a high-quality not-for-profit, Child Care Subsidy approved provider has been selected to operate the service. Where this information is not available by 30 September 2029, evidence should include a plan for reporting to the Commonwealth until all projects are completed (for example, continuation of quarterly reporting). Remaining funding for each project (approx. 10% for 'Eligible Projects', and 100% for 'Australian Government commitments'). Estimated project milestone dates are included in Appendix A.	2025-2026 2026-2027 2027-2028 2028-2029	\$15.0 million \$0.8 million \$2.4 million \$1.6 million

\*Note: This amount represents the total funding to be paid on this milestone for all projects in a given financial year. Payment will be made on a per-project basis.

The Parties have confirmed their commitment to this schedule as follows:

**Signed** for and on behalf of the Commonwealth of  
Australia by



**Senator the Honourable Dr Jess Walsh**  
Minister for Early Childhood Education  
Minister for Youth

23 / 12 / 2025

**Signed** for and on behalf of the State of  
Victoria by



**The Honourable Lizzie Blandthorn MP**  
Minister for Children

19.1.26

## Appendix A – List of Funded Projects

Project number	Project Title (new or upgrade)	Location	Project Description	Estimated builder contracted*	Estimated building completion (delivery timeframe)	ECEC places	Commonwealth Funding Approved	State Funding	Third Party Funding
<u>VIC1</u>	Early Learning Victoria Garrong (Kings Park)	180 Gillespie Road, Kings Park 3021	Government-owned and operated long day care and integrated kinder.	-	Open – Jan 2026	130	\$5,000,000		
<u>VIC2</u>	Early Learning Victoria Wedderburn (interim name)	15A Hospital Street, Wedderburn 3518	Government-owned and operated long day care and integrated kinder co-located at Wedderburn College.	-	Open – Jan 2026	90	\$5,000,000		
<u>VIC3</u>	Early Learning Victoria Murrum (Toolern Waters)	17 Pegasus Drive, Weir Views 3338	Government-owned and operated long day care and integrated kinder co-located at Murrum Primary School.	-	Open – Jan 2026	130	\$5,000,000		
<u>VIC4</u>	Early Learning Victoria	TBC	Government-owned and operated long day care and integrated kinder.	Mar 2026	Dec 2026	57			
<u>VIC5</u>	Early Learning Victoria	TBC	Government-owned and operated long day care and integrated kinder co-located with a school site.	Mar 2026	Dec 2026	102			
<u>VIC6</u>	Early	TBC	Government-owned	Dec 2026	Dec 2027	130			

*Note: These quarters will be used to estimate dates for payment on completion of the project milestones.*

Project number	Project Title (new or upgrade)	Location	Project Description	Estimated builder contracted*	Estimated building completion (delivery timeframe)	ECEC places	Commonwealth Funding Approved	State Funding	Third Party Funding
	Learning Victoria		and operated long day care and integrated kinder.						
<u>VIC7</u>	Integrated Children's Centre in Geelong Local Government Area	Geelong Local Government Area	Long day care and kinder to be operated by a quality not-for-profit approved provider.	Mar 2027	Dec 2027	135			
<u>VIC8</u>	Integrated Children's Centre in Whittlesea Local Government Area	Whittlesea Local Government Area	Long day care and kinder to be operated by a quality not-for-profit approved provider.	Dec 2026	Dec 2027	130			
<u>VIC9</u>	Integrated Children's Centre in Casey Local Government Area	Casey Local Government Area	Long day care and kinder to be operated by a quality not-for-profit approved provider.	Dec 2026	Dec 2027	130			
<u>VIC10</u>	Integrated Children's Centre in Frankston Local Government Area	Frankston Local Government Area	Long day care and kinder to be operated by a quality not-for-profit approved provider.	Sep 2027	Sep 2028	130			

*Note: These quarters will be used to estimate dates for payment on completion of the project milestones.*

Project number	Project Title (new or upgrade)	Location	Project Description	Estimated builder contracted*	Estimated building completion (delivery timeframe)	ECEC places	Commonwealth Funding Approved	State Funding	Third Party Funding
<u>VIC11</u>	Government Area Integrated Children's Centre in the Swan Hill Local Government Area	Swan Hill Local Government Area	Long day care and kinder to be operated by a quality not-for-profit approved provider.	Sep 2027	Sep 2028	132			

*Note: These quarters will be used to estimate dates for payment on completion of the project milestones.*



## Appendix B – Building Early Education Fund – Criteria

**'Eligible Projects'** (applies to remaining funding of up to \$48.2 million)

- Projects funded through this Schedule will be prioritised based on one or more of the following. These are not strict criteria as flexibility is required to provide services in areas of need based on other factors (e.g. community consultation demonstrating need).
  - a. Be located on or near school sites;
  - b. Be in areas of ECEC undersupply, including consideration of projected population growth;
  - c. Be in areas of relative socioeconomic disadvantage;
  - d. Maximise the number of ECEC places;
  - e. Consider existing or pending development approvals in the location to avoid crowding out other ECEC providers;
  - f. Prioritise projects that can increase ECEC supply as soon as practical; and
  - g. Prioritise modular builds, where this expedites delivery, reduces cost, or increases the number of ECEC services that can be constructed.

**Agreement to projects**

- All 'Eligible Projects' to be funded through this Schedule must be jointly agreed by the Parties (or delegates).
- Ministers may delegate decision-making for agreement to proposals under this FFA Schedule to officials.
- To support project selection, the State will provide evidence of:
  - a. assurances that projects are eligible for funding under this Schedule, including data, project plans, project budgets, and construction timelines;
  - b. value-for-money (including the number of ECEC places supported by the project and what due diligence and assurance processes will be undertaken);
  - c. increased ECEC capacity in a timely fashion (such as projects that increase supply in under-served areas as quickly as possible with a focus on communities experiencing vulnerability and disadvantage);
  - d. broad community support for the project undertaken or planned (such as details of community consultation, and/or a letter of support from the relevant local government or school); and
  - e. appropriate probity arrangements being used to deliver projects.

**Use of funding**

- *Contingency funding* - Ten percent of total funding (up to \$4.82m) must be reserved by the State as contingency.
- The purpose of this contingency funding is to mitigate costs of 'Eligible Projects' that cannot be met with project funding.
- Any additional cost increases/overruns for ECEC services on government school sites, government owned or leased land or other agreed third party led projects beyond specified contingency funds must be met by the State. Additional cost increases/overruns for non-government school projects are expected to be met by the third party.
  - a. Where a project faces a cost over the project funding, the State is expected to redirect funding from projects with underspends as a first resort.

- b. The details of the use of contingency funding will be included in reporting and will include amount used, project/s used for and reasons for use.
- If any 'contingency funding' is not used to cover cost increases of 'Eligible Projects', it must be reallocated to future capital works to build or expand ECEC centres. All funding is for capital works, and cannot be used to purchase land or support operational or maintenance costs of services.

#### **Use of ECEC Centres to support effective service provision**

- Centres funded through this Schedule must be used as premises for the delivery of long day care services for children (in the age range of 0 to 5), for operation by quality not-for-profit or government providers or Aboriginal Community Controlled Organisations (ACCOs) which successfully apply to receive Child Care Subsidy (CCS). The State must provide information about the ECEC provider and delivery model to be used in each centre.
  - a. A high-quality provider is an organisation that has a strong track record of meeting the requirements under the National Quality Framework for the delivery of early childhood education and care. The provider's track record of administering CCS with integrity will also be considered.
  - b. Long day care services may also offer outside of school hours care to support operational viability, but standalone outside of school hours care services are not eligible.
  - c. Integrated services to be run by ACCOs may be supported, where the State can support non-ECEC components of the build.
  - d. These organisations must not be listed by the National Redress Scheme on the list of 'Institutions that have not joined or signified their intent to join the Scheme'.
- All funded centres must be approved under National Law, and eligible to receive the Child Care Subsidy.
- The Commonwealth will not own any centre funded through this FFA Schedule.
- All centres built or expanded using the Building Fund must be used to provide ECEC for the designated use period of 30 years unless otherwise agreed in writing by the Commonwealth.
- Unless agreed by the Commonwealth, any lease/rental costs charged to service providers must be no more than is reasonably required to cover maintenance and other operational costs.

#### **Application of policy targets**

The State, in line with their own policies may consider applying relevant policy targets through procurement of the projects, such as:

- a. Targets for apprentices, including targets for women and First Nations people;
- b. Targets to maximise opportunities for Australian businesses; and
- c. Environmentally sustainable building materials and practices, for example contributing to net zero.

#### **Project Management**

- The State will be responsible for administration of funding, project management and the due diligence and assurance processes for ECEC services on government school sites, government owned or leased land or other agreed third party-led projects.

	<p>Project management, due diligence and assurance processes for non-government school projects are the responsibility of the third parties.</p> <p>a. This includes ensuring work is undertaken in accordance with relevant legislation and consistent with clause 20 of the Federation Funding Agreement – Education and Skills.</p> <ul style="list-style-type: none"> <li>Capitalised project management and projects administration costs are included in overall project costs.</li> </ul> <p><b>Announcements and recognition</b></p> <ul style="list-style-type: none"> <li>All announcements regarding projects funded by this Schedule will be made in consultation with the Parties and jointly.</li> <li>For the purposes of Clause 21 of the Federation Funding Agreement – Education and Skills, all public materials in relation to projects supported under the Building Fund must acknowledge the contribution of the Commonwealth.</li> <li>For all centres that receive funding under this Schedule, an official opening ceremony must be arranged within six months of the completion of the project, unless otherwise agreed by the Commonwealth.</li> <li>The Commonwealth Minister must be invited to officially jointly open all facilities funded under this Schedule.</li> </ul>
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