

Bedford Sale Process Support - SA

FEDERATION FUNDING AGREEMENT - AFFORDABLE HOUSING,
COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule	
Parties	Commonwealth South Australia
Duration	This Schedule is expected to expire on 26 July 2026, or on completion of the initiative, including final performance reporting and processing of final payments against milestones.
Purpose	<p>This Schedule will provide time-limited financial assistance to South Australia to: (1) maintain the core operations of the group entities of Bedford Group Ltd (Bedford Group), including any related bodies corporate involved in supported employment or service delivery, during a time-critical sale process and (2) provide financial support for the provision of Supported Independent (SIL) services (and other associated costs) to enable the relocation of the SIL participants after the sale process (Interim Arrangement). The Commonwealth's overarching objective is to safeguard supported employment and essential services for National Disability Insurance Scheme (NDIS) participants and SIL participants, minimise disruption to families and communities, and ensure continuity of care during the transition. The funding under this Schedule will:</p> <ul style="list-style-type: none"> • enable South Australia to work with the appointed voluntary administrator (McGrathNicol Partnership), to manage the sale process in a structured and accountable manner. • ensure continuity of essential services and supports for the NDIS participants and supported employees who rely on Bedford Group; • protect the livelihoods of people with disability employed through Bedford Group's commercial businesses, and support continuity of care and community stability for their families during the sale process; • support market stability in South Australia by enabling an orderly transition process and reducing risks of participant displacement, should the sale proceed; and • enable the Interim Arrangement to be effected. <p>This investment recognises Bedford Group's unique role as South Australia's largest provider of supported employment and the</p>

	<p>significant risk of long-term workforce exclusion for participants if continuity is not maintained, with downstream impacts on families and community care systems. It is intended to safeguard continuity of employment for supported employees and continuity of support for SIL participants throughout the sale process and the Interim Arrangement.</p>												
<p>Estimated financial contributions</p>	<p>The Commonwealth will provide an estimated total financial contribution of \$17.60 million (GST exclusive) in respect of this Schedule.</p> <hr/> <p>Table 1</p> <table border="1"> <thead> <tr> <th data-bbox="440 682 553 712">(\$ million)</th> <th data-bbox="1117 682 1214 712">2025-26</th> <th data-bbox="1300 682 1365 712">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 728 708 757">Estimated total budget¹</td> <td data-bbox="1146 728 1214 757">17.60</td> <td data-bbox="1295 728 1365 757">17.60</td> </tr> <tr> <td data-bbox="440 777 756 807"><i>Commonwealth Contribution</i></td> <td data-bbox="1146 777 1214 807">17.60</td> <td data-bbox="1295 777 1365 807">17.60</td> </tr> <tr> <td data-bbox="440 827 938 857">Balance of non-Commonwealth contributions</td> <td data-bbox="1203 827 1214 857">-</td> <td data-bbox="1349 827 1360 857">-</td> </tr> </tbody> </table> <p>¹ Note: South Australia is committing a minimum of \$9 million, comprising approximately \$6 million in Crown land and about \$3 million in extinguished Bedford debt, to this initiative.</p>	(\$ million)	2025-26	Total	Estimated total budget¹	17.60	17.60	<i>Commonwealth Contribution</i>	17.60	17.60	Balance of non-Commonwealth contributions	-	-
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<i>Commonwealth Contribution</i>	17.60	17.60											
Balance of non-Commonwealth contributions	-	-											
<p>Additional terms</p>	<p>South Australia must ensure that Commonwealth funds provided under this Schedule are only expended by Bedford Group for core business needs and towards the funding of administration costs and the Interim Arrangement and in accordance with any payment schedule agreed between South Australia, Bedford Group, and the voluntary administrators.</p> <p>Funds must not be used for any other purpose, including transfers outside Bedford Group's operations, dividends, distributions, bonuses, or payments that are unnecessary, excessive, or inconsistent with the objectives of this Schedule.</p> <p>For the avoidance of doubt, South Australia must use best endeavours to ensure that Commonwealth funds are applied only towards administration costs (including the ordinary-course operating expenses and working capital needs necessary to maintain core business during administration) and the Interim Arrangement. Subject to applicable law, funds must not be applied to:</p> <ul style="list-style-type: none"> • capital expenditure not consistent with core business needs; • payment of debts, liabilities or related-party transactions not essential to the continuation of Bedford Group's core business; • transfers of funds outside Bedford Group's operations, including dividends, distributions or bonuses; • payments that could reasonably be considered unnecessary, excessive or not aligned with the objectives of this Schedule. <p>The Parties acknowledge that, prior to execution of this Schedule, South Australia undertook actions necessary to stabilise the Bedford</p>												

Group, including activities associated with the sale process, to ensure continuity of supports for NDIS participants and supported employees. These actions formed part of the basis on which the Commonwealth agreed to provide funding under this Schedule.

South Australia confirms that, in the period leading up to completion of the sale of the Bedford Group, it:

1. Established arrangements with the Bedford Group for the Commonwealth funding provided through this Schedule to be dispersed on an 'as needed' basis in accordance with a payment Schedule agreed between South Australia, the Bedford Group and McGrathNicol Partnership.
2. Obtained regular reporting from the Bedford Group, endorsed by McGrathNicol Partnership, on a weekly basis (or more frequently if requested) covering:
 - Use of Commonwealth funds;
 - Cash flow reporting;
 - Cash flow forecasts, including estimated date of funding exhaustion;
 - Any material updates to business operations (including operations, workforce matters, suppliers, creditors, meetings with key stakeholders, media, legal matters);
 - Regular sale process updates, including engagement with potential bidders, information provided to potential bidders and any changes to prospects for a successful sale within proposed timeframes; and
 - Any other information reasonably requested by the Commonwealth in connection with the business and sale process including status updates on supported employees and SIL participants, to the extent that it is received from McGrathNicol Partnership and/or Bedford Group.
3. Implemented a payment structure with McGrathNicol Partnership and/or Bedford Group Ltd as the parent entity of the Bedford Group, that mitigated the risk that Commonwealth funds could be absorbed to pay creditors or other liabilities if any of the Bedford Group of entities enters liquidation except where such liabilities have been incurred during the period of administration. This structure included:
 - staging payments into weekly tranches aligned to verified cashflow needs;
 - stop-payment triggers whereby no further Commonwealth funds are disbursed upon notice of intent to liquidate or a formal step toward liquidation, except amounts explicitly

approved by the Commonwealth to ensure continuity of participant supports and orderly wind-down; and

- a requirement that any unexpended Commonwealth funds are quarantined and returned to the Commonwealth.

The parties acknowledge that in consultation with the Commonwealth, South Australia has entered into a Goods and Services Agreement with (among others) Bedford Services & Advisory Ltd (Subject to deed of Company Arrangement) (BSA), and the voluntary administrators of BSA dated 4 February 2026 (the GSA) for the provision of SIL services during the Interim Arrangement.

To ensure proper and effective use of Commonwealth funding during the Interim Arrangement, South Australia will under the terms of the GSA:

1. Ensure that BSA complies with its obligations under the GSA (including delivering the SIL services to the SIL participants, and delivering all reports specified in Table 2);
2. Ensure that BSA attends two meetings per month for the duration of the GSA which includes:
 - One held in the first week of each month to discuss the previous month's client movements; and
 - One held on or the next business day after the 15th day of the month to allow for sufficient time for month end accounts close to occur and operating performance to be known, to discuss the month's funding request, including evidence that all available funding from participant's NDIS plans is being drawn down.
3. Ensure that BSA prepares a SIL Transition Plan in the form described in Table 2 and provide that plan to the Commonwealth.
4. Ensure that it is notified as soon as practicable of any significant risks to the continuity of participant support, including risks identified by BSA or the voluntary administrators, and must notify the Commonwealth promptly upon becoming aware of such risks;
5. Maintain complete and accurate records of all transfers of Commonwealth funds to BSA and the use of those funds to support an acquittal of the funding for the purpose of determining any amounts to be returned to the Commonwealth;
6. Ensure that appropriate probity/conflict-of-interest arrangements are in place for the management and dispersion of Commonwealth funds;

	7. Ensure that any unexpended Commonwealth funds are quarantined and returned to the Commonwealth.
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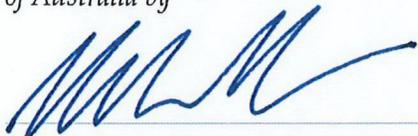
Table 2: Performance requirements, reporting and payment summary			
Output	Performance milestones	Report due	Payment
Maintenance of the Bedford Group's core operations and orderly sale process	<p>Provision of a final report on the sale process and transition to the new owner, prepared by the McGrathNicol Partnership in accordance with the Additional Terms, to the Commonwealth, addressing:</p> <ul style="list-style-type: none"> • impacts on NDIS participants and supported employees; • how continuity of supports/services/employment was maintained; and • an acquittal of Commonwealth funds, including any unexpended amounts to be returned. <p>The final report must also confirm actions taken prior to sale completion to stabilise the Bedford Group and facilitate the sale, including:</p> <ul style="list-style-type: none"> • cash-flow oversight arrangements; • use-of-funds controls; • probity/conflict-of-interest arrangements; and • copies of weekly administrator reports that SA obtained during the sale period (where available). 	1 March 2026	\$17.60 million
SIL Interim Arrangement	<p>Provision of a SIL Transition Plan prepared by BSA in accordance with the Additional Terms, to the Commonwealth, setting out for each SIL participant:</p> <ul style="list-style-type: none"> • transition pathway and intended transition date (or confirmed transition plan), • communication/engagement activities, • identified risks and mitigation strategies, and • how NDIS plan funding is being drawn down to support the transition. 	27 February 2026	Nil
	<p>Provision of fortnightly reports prepared BSA in accordance with the Additional Terms, to the Commonwealth, detailing the SIL services including reporting on the number of SIL participants remaining and employee retention.</p> <p>The report must include evidence (in the form of individual client status reports, meeting or discussion notes or minutes, and names and positions of attendees at those meetings or</p>	Fortnightly commencing on 3 February 2026 (until the expiry of the GSA)	Nil

	discussions) of work with NDIA and other providers to facilitate the transition of, or have a confirmed transition plan for, all SIL participants to a new provider by 30 June 2026.		
	Provision of a final SIL Report prepared BSA in accordance with the Additional Terms, to the Commonwealth, summarising: <ul style="list-style-type: none"> • all transition activity for 3 Feb - 30 Jun 2026, • the final status of each participant (transitioned or confirmed transition plan), • staffing outcomes (including entitlements paid), • key risks encountered and how they were managed, • continuity of service arrangements at completion, and • confirmation of drawdown of NDIS funds / Commonwealth funds use. 	26 July 2026	Nil

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

Signed for and on behalf of the Commonwealth
of Australia by

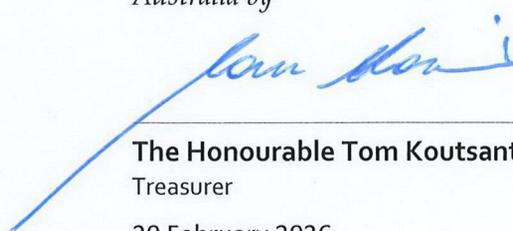


The Honourable Mark Butler MP
Minister for Disability and the National Disability
Insurance Scheme

Minister for Health and Ageing

20 February 2026

Signed for and on behalf of the State of South
Australia by



The Honourable Tom Koutsantonis MP
Treasurer

20 February 2026

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