

Building Early Education Fund – South Australia

FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Table 1: Formalities and operation of schedule

Parties	Commonwealth South Australia (the State)																																																							
Duration	This Schedule is expected to expire on 30 June 2030, 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) and increase the capacity of existing ECEC centres, 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. This Schedule will also provide operational funding for two capital projects to support operational expenses for a four-year period.																																																							
Estimated financial contributions	The Commonwealth must provide a capped total financial contribution to the State of up to \$14.7955 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 188 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. <table><tr><th colspan="7">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>2029-30</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td></tr><tr><td>Less estimated National Partnership Payments</td><td>7.6525</td><td>0.704</td><td>4.230</td><td>1.769</td><td>0.440</td><td>14.7955</td></tr><tr><td>Capital</td><td>7.6525</td><td>0.264</td><td>3.790</td><td>1.329</td><td>0.000</td><td>13.0355</td></tr><tr><td>Operational</td><td>0.000</td><td>0.440</td><td>0.440</td><td>0.440</td><td>0.440</td><td>1.760</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td><td>TBC</td></tr></table>							Table 1							(\$ million)	2025-26	2026-27	2027-28	2028-29	2029-30	Total	Estimated total budget	TBC	TBC	TBC	TBC	TBC	TBC	Less estimated National Partnership Payments	7.6525	0.704	4.230	1.769	0.440	14.7955	Capital	7.6525	0.264	3.790	1.329	0.000	13.0355	Operational	0.000	0.440	0.440	0.440	0.440	1.760	Balance of non-Commonwealth contributions	TBC	TBC	TBC	TBC	TBC	TBC
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Additional Terms	Allocation and Use of Funding																																																							
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a)	\$5 million of this funding must be used to implement the following 'Australian Government commitment':																																																							

Table 1: Formalities and operation of schedule

	• an ECEC centre at Kadina. This project must be delivered as a priority.
b)	Funding of up to \$7.305 million must be allocated to the 'Eligible Projects' 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 Appendix B).
c)	On top of funding provided for 'Eligible Projects,' a further ten percent of the value of all 'Eligible Projects' (\$0.7305 million) is provided to the State as 'contingency funding' (see Appendix B).
d)	A further \$440,000 per annum over four years from 2026-27 to 2029-30, totalling \$1.76 million, will be provided to the State for 'operational funding' for two services under this Schedule (projects SA2 and SA3 in Appendix A), and is subject to the completion of these services. This funding will be split evenly between projects to support their operational expenses, and must be used by the State over the four years (consistent with Appendix B). Further operational expenses for these projects are the responsibility of the State.
e)	Information on 'Eligible Projects' is recorded in Appendix A , with any further projects to be inserted by the Parties' delegates after written agreement by the Parties.
f)	Projects (meaning 'Australian Government commitment' and 'Eligible Projects') and allocation of contingency funding must meet the relevant requirements outlined in Appendix B. Any remaining funds available under this Schedule 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), the State must write to the Commonwealth to seek a resolution.
2.	Milestones
a)	Commonwealth funding for projects will be provided upon achievement of the milestones outlined at Table 2 .
3.	Announcement and recognition
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 Appendix B .
4.	Quarterly reporting and payment on performance milestones 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. Quarterly reports will contain updates on project activity, any material changes to scope, budget or

Table 1: Formalities and operation of schedule

	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, and plans for upcoming announcements. The Parties' delegates will meet regularly, to support the governance of this Schedule, including to discuss any shared risk. In consultation with the State, the Commonwealth may visit the site, including with third party representatives. The State is expected to alert the Commonwealth to any material issues as they arise.
5.	Acquittal of funds States must maintain records of the acquittal of all funds received from the Commonwealth under this Schedule sufficient to verify that such funds have not been used in a manner contrary to agreed fund usage. The State must provide an annual acquittal of 'operational funding', verifying that funds have been used consistent with Appendix B.
6.	Variations For the purposes of Part 6 of the Federation Funding Agreement – Education and Skills, variations to this Schedule, including to projects in Appendix A, 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 the Appendix in this Schedule.

Table 2: Performance requirements, reporting and payment summary

Performance milestones	Report due	Payment
Agreement to FFA schedule Upon signing of this FFA. 'Australian Government commitments' formula = 40% of total funding amount 'Eligible Projects' formula = 40% of 'Eligible Projects' 'Contingency' formula = 10% of total value of 'Eligible Projects'**	On execution	\$5.6525 million*
Quarterly reports 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	March, June, September, December (until project completion, including where that is after 30/06/2029)	Nil
Construction commences on a project(s) OR Builder of project is contracted 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 project Estimated project milestone dates are included in Appendix A.	2025-26 2026-27 2027-28	\$2.000 million* \$0.264 million* \$2.658 million*
SA2 and SA3 project operational funding The Commonwealth will provide funding to be used to support the operational costs of two projects funded under this Schedule (project numbers SA2 and SA3), subject to completion of the services and continued operation of the services for long day care. Funding will be provided on the State's confirmation that these services will be operational in the following calendar years.	30/06/2027 30/06/2028 30/06/2029 30/06/2030	\$0.440 million* \$0.440 million* \$0.440 million* \$0.440 million*
Financial acquittal (operational funding only) The State must provide an annual acquittal for the use of operational funding for projects SA2 and SA3.	December (until 4 years of operation is complete)	Nil
SA4 slab and frame complete (traditional construction) or delivery of modules or prefabricated panels to site (modular construction) The Commonwealth approves evidence of slab being laid and frame being complete for the project. The State must re-confirm that the proposed operator is a high-quality, not-for-profit Child Care Subsidy approved provider. Remaining funding for the project (20%).	31 March 2029	\$1.329 million
Final report 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 April 2028, 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 (20% for 'Eligible Projects' (excludes SA4), and 20% for 'Australian Government commitments') Estimated project milestone dates are included in Appendix A.	2027-28	\$1.132 million*

*Note: These amounts represent 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.

**Contingency funding is provided on top of the value of 'Eligible Projects'.

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

[Day] [Month] [Year]

23/3/26

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



The Honourable Blair Boyer MP
Minister for Education, Training and Skills of South Australia

20 / 2 / 2026

Appendix A– List of Eligible Projects

Project number	Project Title (new or upgrade)	Location	Project Description	ECEC Places estimated	Commonwealth Funding Approved (excluding contingency)	Estimated construction commencement	Estimated building completion (delivery timeframe)	State Funding	Third Party Funding
SA 1	Kadina Child Care Centre	S692 Bute Rd, Kadina	Newly built and expanded facility with community hub infrastructure, run by the Kadina Child Care Centre	162 – 109 additional	\$5,000,000	April 2026	January 2028	\$3,200,000	\$2,540,000
SA2	Quorn – Rural Care	3 Second St, Quorn SA 5433	Expansion of Quorn Kindergarten to provide Long Day Care through the Rural Care Model	20	\$330,000 (capital) \$880,000 (operational)	July 2026	July 2027	\$0	\$0
SA3	Kimba – Rural Care	30 Park Terrace, Kimba SA 5641	Expansion of Kimba Community Kindergarten to provide Long Day Care through the Rural Care Model	20	\$330,000 (capital) \$880,000 (operational)	July 2026	July 2027	\$0	\$0
SA4	Bordertown (Carol Murray Children's Centre)	10 South Terrace, Bordertown SA 5268	Newly built and expended integrated service on Bordertown Primary School site.	111 – 39 additional	\$6,645,000	April 2028	October 2029*	\$4,385,000	\$800,000

*Per table 2, the final milestone will be paid upon the completion of slab and frame complete (traditional construction) or delivery of modules or prefabricated panels to site (modular construction) – estimated to occur between March-June 2029.

Appendix B – Building Early Education Fund – Criteria

'Eligible Projects' (applies to remaining funding of up to \$7.305 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 socio-economic 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 underserved areas as quickly as possible with a focus on communities experiencing vulnerability and disadvantage);
 - d. Broad community support for the project (such as details of community consultation undertaken or planned, 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 the value of 'Eligible Projects' (up to \$0.7305 million) is provided to the State for use as program contingency.
- The purpose of this contingency funding is to manage program budget for 'Eligible Projects' within available funding. Any additional cost increases at the program level must be met by the State through supplementary funding or scope management (outside of reducing ECEC places, unless agreed by the Commonwealth).
 - a. The details of the use of contingency funding must be monitored and provided to Commonwealth officials. This must include the amount of funding accessed, the project being supported with this funding, and the reasons for using this funding.
 - b. 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.

- Unless otherwise specified in this Schedule, all funding is for capital works, and cannot be used to purchase land or support operational or maintenance costs of services.
- Where funding is specified as 'operational funding', it may be used to support the delivery of Child Care Subsidy (CCS)-approved care through the following activities:
 - a. Administration and service support, and
 - b. Staffing and related costs, such as on-costs and professional development.

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 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 or quality not-for-profits may be supported, where the State can support any 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 Fund must be used to provide ECEC for the designated use period of 30 years unless otherwise agreed in writing by the Commonwealth.
- For new facilities which have been entirely funded from the Building Fund, lease/rental costs charged to service providers must be no more than is reasonably required to cover maintenance and other operational costs, unless otherwise agreed by the Commonwealth.

Application of policy targets

The State will be required to consider applying relevant policy targets through procurement of the projects, such as:

- a. Targets for apprentices, including targets for women and First Nations people, in line with their own policies or the Australian Skills Guarantee;
- b. Targets to maximise opportunities for Australian businesses, in line with their own policies or consistent with the Buy Australian Plan; and
- c. Environmentally sustainable building materials and practices, and contributing

to net zero.

Project Management

- The State will be responsible for administration of funding, and ensuring suitable project management and assurance processes for projects.
 - 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.

Announcements and recognition

- All announcements regarding projects funded by this Schedule will be made in consultation with the Parties and jointly.
- For the purposes of Clause 21 of the Federation Funding Agreement – Education and Skills, all public materials in relation to projects supported under the Fund must acknowledge the contribution of the Commonwealth.
- 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.
- The Commonwealth Minister must be invited to officially jointly open all facilities funded under this Schedule.