

Building Early Education Fund – New South Wales

FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Table 1: Formalities and operation of schedule																													
Parties	Commonwealth New South Wales (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) and 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 \$59.000 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 382 ECEC places. Co-contributions from the State or third parties may also be used to support projects funded under this Schedule. The State will provide an in-kind contribution of \$7.554 million for land. Funding in each financial year will be contingent on the cost of projects, and milestones reached by each project.</p> <table border="1"> <thead> <tr> <th>Table 1 (\$ million)</th> <th>2025-26</th> <th>2026-27</th> <th>2027-28</th> <th>2028-29</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>32.700</td> <td>14.400</td> <td>6.000</td> <td>5.900</td> <td>59.000</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>32.700</td> <td>14.400</td> <td>6.000</td> <td>5.900</td> <td>59.000</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> </tbody> </table>					Table 1 (\$ million)	2025-26	2026-27	2027-28	2028-29	Total	Estimated total budget	32.700	14.400	6.000	5.900	59.000	<i>Less estimated National Partnership Payments</i>	32.700	14.400	6.000	5.900	59.000	Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0
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Additional Terms																													
1.	Allocation and Use of Funding																												
a)	<p>\$15 million of this funding must be used to implement the following 'Australian Government commitments':</p> <ul style="list-style-type: none"> ○ \$5 million for an ECEC centre at Muswellbrook Public School ○ \$5 million for an ECEC centre at Eden Public School ○ \$5 million for an ECEC centre at Cessnock East Public School <p>These projects must be delivered as a priority.</p>																												

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b)	Remaining funding of up to \$44.000 million (including contingency and administration funding) must be allocated to 'Eligible Projects' (see Appendix A) 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)	Ten percent of 'Eligible Projects' funding (up to \$4.400 million) to be provided to the State as 'contingency funding' (see Appendix B).
d)	Up to 2.5 percent of 'Eligible Projects' funding (up to \$1.100 million) may be utilised as 'administration funding' for administration costs.
e)	'Eligible Projects' will be recorded in Appendix A , to be updated by the Parties' delegates following written confirmation of agreement to the 'Eligible Projects' by the Parties (or delegates).
f)	Projects (meaning 'Australian Government commitments' and 'Eligible Projects') and allocation of contingency funding must meet the relevant requirements outlined in Appendix 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.
g)	Where possible, the State will maximise ECEC places within the Commonwealth Funding Approved for each project at the design stage of the projects, and when confirming approved ECEC places.
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 based on a project-based payment model as outlined in Table 2 . Quarterly reports will contain updates on project activity against milestones, any material changes to scope, budget or delivery schedule, 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. The Parties' delegates will meet regularly, to support the governance of this

Table 1: Formalities and operation of schedule

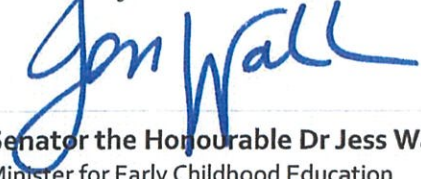
	<p>Schedule, including to discuss any shared risk.</p> <p>In consultation with the State, the Commonwealth may visit the site, including with third party representatives.</p> <p>The State is expected to alert the Commonwealth to any material issues as they arise.</p>
5.	<p>Acquittal of funds</p> <p>States 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.</p>
6.	<p>Variations</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 Appendix A.</p>

Table 2: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment*
<p>Agreement to FFA schedule</p> <p>Upon signing of this FFA, including acceptance of key activities, reporting and milestones.</p> <p>'Eligible Projects' formula= 10% Contingency for 'Eligible Project' + 40% of 'Eligible Projects' projects (includes administrative funding allowance)</p> <p>'Australian Government Commitment' formula= 50% of 'Australian Government Commitment' projects.</p>	On execution	\$29.500 million
<p>Quarterly reports</p> <p>March will be for the period 1 January to 31 March</p> <p>June will be for the period 1 April to 30 June</p> <p>September will be for the period 1 July to 30 September</p> <p>December will be for the period 1 October to 31 December</p>	Due twenty business days after the end of March, June, September, December (until project completion, including where that is after 30/06/2029)	Nil
<p>Construction Commencement and/or Builder of project is contracted</p> <p>The Commonwealth approves evidence of commencement or contractual relationship provided by the State, which may include Contract and photos of construction commencement.</p> <p>40% of funding for each project.</p>	2025-26 2026-27 2027-28	\$3.200 million \$14.400 million \$6.000 million
<p>Final report</p> <p>The final report should also include the Building Completion certificates/reports, and evidence a high-quality, Child Care Subsidy approved not-for-profit provider has been selected to operate the service. Where this information is not available by 30 June 2029, evidence should include a plan for reporting to the Commonwealth until all projects are completed (for example, continuation of quarterly reporting).</p> <p>10% of funding for each project.</p>	2028-29	\$5.900 million

*Note: This represents the total funding to be paid for each 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

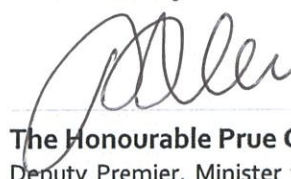


Senator the Honourable Dr Jess Walsh
Minister for Early Childhood Education
Minister for Youth

[Day] [Month] [Year]

19/5/26

Signed for and on behalf of the State of New South Wales by



The Honourable Prue Car MP
Deputy Premier, Minister for Education and Early Learning, and Minister for Western Sydney

[Day] [Month] [Year]

21/5/26

Appendix A – List of Funded Projects

Project number	Project Title (new or upgrade)	Location	Project Description	Estimated Construction Commencement or Builder of project is contracted	Estimated building completion	ECEC places	Commonwealth Funding Approved (\$ million)	State Funding (\$ million)	Third Party Funding
NSW 1	Muswellbrook Public School (EC) (New)	3/9 Roger St, Muswellbrook NSW 2333	New build ECEC service on school site.	Dec 2027	Sep 2028	19	5.000	0.220 in-kind for land	0.000
NSW 2	Cessnock East Public School (EC) (New)	347 Old Maitland Rd, Cessnock NSW 2325	New build ECEC service on school site.	Dec 2027	Sep 2028	19	5.000	0.245 in-kind for land	0.000
NSW 3	Eden Public School (EC) (New)	124 Imlay St, Eden NSW 2551	New build ECEC service on school site.	Dec 2027	Sep 2028	19	5.000	0.330 in-kind for land	0.000
NSW 4	Calderwood (new primary school) (New)	234 Calderwood Rd, Calderwood NSW 2527	New build ECEC service on school site.	Mar 2026	Nov 2027*	67	8.000	1.770 in-kind for land	0.000
NSW 5	West Dapto (new primary school) (New)	Shone Avenue, Wongawilli NSW 2530	New build ECEC service on school site.	Apr 2027	Sep 2028	67	8.000	0.399 in-kind for land	0.000
NSW 6	Googong (new primary school) (New)	241 Gorman Dr, Googong NSW 2620	New build ECEC service on school site.	Jan 2027	Dec 2027*	67	8.000	1.560 in-kind for land	0.000
NSW 7	Chester Hill North Public School (New)	Wolumba St & Campbell Hill Road, Chester Hill NSW 2162	New build ECEC service on school site.	Apr 2027	Sep 2028	67	8.000	1.800 in-kind for land	0.000
NSW 8	Wattawa Heights Public School (New)	The Avenue, Bankstown	New build ECEC service on school	Apr 2027	Sep 2028	19	5.000	1.100 in-kind for	0.000

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NSW 9	Inverell Public School (New)	NSW 2200 38/44 Wood St, Inverell NSW 2360	site. New build ECEC service on school site.	Apr 2027	Sep 2028	38	7.000	land 0.130 in-kind for land	0.000

**Note: Funding for Building Completion for NSW 4 and NSW 6 will be paid in 2028-29.*

Appendix B – Building Early Education Fund – Criteria

'Eligible Projects' (applies to remaining funding of up to \$44.00 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 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 total funding (up to \$4.400 million) to be provided to 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 must be met by the State.
 - a. Where a project faces a cost overrun, 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 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 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 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, project management and the due diligence and assurance processes for projects. This includes for funding allocated to projects on both government and non-government school sites.
 - 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.