

Building Early Education Fund- Northern Territory

FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Table 1: Formalities and operation of schedule

Parties	Commonwealth Northern Territory (the Territory)																													
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 and Torres Strait Islander 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	The Commonwealth must provide a capped total financial contribution to the Territory of up to \$8,654,250 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 up to 60 ECEC places. Co-contributions from the Territory or third parties may also be used to support projects funded under this Schedule. The Territory's funding in each financial year will be contingent on the cost of projects, and milestones reached by each project.																													
	<table><tr><td colspan="5">Table 1a</td></tr><tr><td>(\$)</td><td>2026-27</td><td>2027-28</td><td>2028-29</td><td>Total</td></tr><tr><td>Estimated total budget</td><td>7,788,825</td><td>0.0</td><td>865,425</td><td>8,654,250</td></tr><tr><td>Less estimated National Partnership Payments</td><td>7,788,825</td><td>0.0</td><td>865,425</td><td>8,654,250</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></tr></table>					Table 1a					(\$)	2026-27	2027-28	2028-29	Total	Estimated total budget	7,788,825	0.0	865,425	8,654,250	Less estimated National Partnership Payments	7,788,825	0.0	865,425	8,654,250	Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0
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Additional Terms	Allocation and Use of Funding																													
1.																														
a)	\$8,654,250 of this funding must be used to implement the following 'Australian Government commitment': an ECEC centre in Karama. This project must be delivered as a priority, with operation by an ACCO preferred.																													
b)	Additional 'Eligible Projects', including a site at Tennant Creek, to build or expand the capacity of quality ECEC centres may be jointly agreed by the Parties in line with Table 1, Clause 6: Variations, prioritising areas where the Territory and Commonwealth																													

Table 1: Formalities and operation of schedule

	agree there is both an undersupply of ECEC (current or projected), and relative socio-economic disadvantage (as outlined in the criteria in Appendix B). The Territory will, through its competitive market processes, prioritise maximising the number of ECEC places in the community and prioritise improving access and participation for Aboriginal and Torres Strait Islander children and families.
c)	Ten percent of any 'Eligible Projects' funding must be reserved by the Territory as 'contingency funding' (see Appendix B).
d)	Up to three percent of 'Eligible Projects' funding allocation may be utilised for administration costs for all projects outlined in Appendix A .
e)	Any 'Eligible Projects' will be recorded in Appendix A following written agreement by the Parties and in line with Table 1, Clause 6.
f)	'Projects' (meaning 'Australian Government commitments' and any 'Eligible Projects') and allocation of contingency funding must meet the relevant requirements outlined in Appendix B. For the 'Australian Government commitment', where there are expected overspends or significant underspends, the Territory must write to the Commonwealth to seek a resolution. The Territory is committed to delivering the project within the Commonwealth approved funding. Should any agreed projects be precluded from progressing by emergent or unforeseeable factors, including site contamination, environmental assessments, flooding, bushfire or cyclone damage, cost escalation due to industry factors or a prohibitive change in regulation, the project may be rescoped, or project funding may be withdrawn, or reallocated to a new project with the written agreement by the Parties (in line with Table 1 clause 6).
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 Territory to identify potential opportunities for joint announcement of projects between the Australian Government and the Territory. 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 Territory 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, as determined by the Territory, 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, 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 Territory will be provided a template to support reporting. The Parties' delegates will meet regularly, to

Table 1: Formalities and operation of schedule

	support the governance of this Schedule, including to discuss any shared risk. In consultation with the Territory, the Commonwealth may visit the site, including with third-party representatives. The Territory is expected to alert the Commonwealth to any material issues as they arise.
5.	Acquittal of funds The Territory 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.
6.	Variations 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.

Table 2: Performance requirements, reporting and payment summary

Performance milestones	Report due	Payment
Agreement to FFA schedule Upon signing of this FFA. Payment: 50% of the funding for each project, including 3% administration costs for any Eligible Projects.	On execution	\$4,327,125
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.	By twenty Business Days after the end of each March, June, September, December (until project completion, including where that is after 30/06/2029)	Nil
Construction commences on a project OR Builder of project is contracted The Territory provides evidence of commencement or contractual relationship, which may include Contract and photos of construction commencement. Payment: 40% of the funding for each project.	2026-27	\$3,461,700
Final report The Territory provides a final report that includes the Building Completion certificate and Procurement Outcome Advice that shows that a high-quality, not-for-profit Child Care Subsidy approved or ACCO provider (requirement for Karama) has been selected to operate the service (noting this may be satisfied upon project selection for projects where a service is being expanded). Where this information is not available by 30 June 2029, the Territory will provide a plan for reporting to the Commonwealth until all projects are completed. Payment: 10% of the funding for each project.	2028-29	\$865,425

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

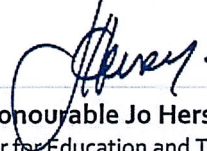
Signed for and on behalf of the Commonwealth of
Australia by



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

3 / 9 / 26

Signed for and on behalf of the Northern
Territory by



The Honourable Jo Hersey MLA
Minister for Education and Training
Minister for Early Education
Minister for the Public Service

- 7 / 09 / 2026

Appendix A – List of Funded Projects

Project Number	Project Title (new or upgrade)	Location	Project Description	Target construction commences on a project or builder of project is contracted	Target construction completion	ECEC Places	Commonwealth Funding Approved	State Funding	Third Party Funding
NT 1	Karama – Manunda Terrace Primary School (Election Commitment) (new)	31 Manunda Terrace, Karama 0812	New Long Day Care (LDC) centre	June 2027	June 2029	60	\$8,654,250	\$1,950,000 in-kind for land	\$0
NT 2	Tennant Creek	To be confirmed	To be confirmed	To be confirmed	To be confirmed	To be confirmed	To be confirmed	To be confirmed	To be confirmed

Appendix B – Building Early Education Fund – Criteria

'Eligible Projects' (excludes Australian Government commitment)

- 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 Territory 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

- 'Ten percent of 'Eligible Project' funding allocated to the Territory will be marked as contingency funding and used to manage cost overruns. This funding will be managed at the program level.
- Where the Territory is required to hold an internal contingency of 10 percent or more of the estimated cost of all 'Eligible Projects', this may be satisfy the 'contingency funding' requirement under this Schedule.
- The purpose of this contingency funding is to mitigate cost increases/ overruns of 'Eligible Projects' that cannot be met with available funding. Any additional cost increases/ overruns must be met by the Territory.
 - a. Where a project faces a cost overrun, the Territory is expected to redirect funding from projects with underspends as a first resort, and only access contingency funding where this is not possible.

- b. 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.

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 (preference for Karama to be operated by an ACCO) which successfully apply to receive Child Care Subsidy (CCS). ACCOs are organisations that are incorporated, not-for-profit, at least 51 per cent Aboriginal and Torres Strait Islander owned and at least 51 per cent Aboriginal and Torres Strait Islander controlled (board members or equivalent) and connected to the community in which they deliver the service. The Territory 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 Territory 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 or the life of the asset, unless otherwise agreed in writing by the Commonwealth, e.g. changes to local community needs, or future policy shifts and commitments.
- 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 Territory will be required to consider applying relevant policy targets through procurement of the projects, such as:

- The Northern Territory Government Procurement Policy;
- Targets for apprentices, including targets for women and First Nations people, in line with their own policies or the Australian Skills Guarantee;
- Targets to maximise opportunities for Australian businesses, in line with their own policies or consistent with the Buy Australian Plan; and
- Environmentally sustainable building materials and practices, and contributing to net zero.

Project Management

- The Territory 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.
- 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.