

Building Early Education Fund

FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Table 1: Formalities and operation of schedule																													
Parties	Commonwealth Tasmania (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	The Commonwealth must provide a capped total financial contribution to the State of up to \$25.5 million in respect of this Schedule to establish new or expanded ECEC centres which will, where possible, be on or near school sites. This funding is expected to support the creation of around 180 additional ECEC places, plus 20 additional Out of School Hours Care (OSHC) 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>Table 1 (\$ 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>TBC</td></tr> <tr> <td><i>Less estimates National Partnership Payments</i></td><td>9.2</td><td>4.0</td><td>9.2</td><td>3.1</td><td>25.500</td></tr> <tr> <td>Balance of non-Commonwealth contributions</td><td>~</td><td>~</td><td>~</td><td>~</td><td>TBC</td></tr> </table> Notes: 1. Profile of non-Commonwealth contributions have not yet been determined (as shown by ~). 2. See Appendix A for all non-Commonwealth contributions. Tasmania will contribute \$5.0 million towards this program and an additional \$1.11 million in kind for land.					Table 1 (\$ million)	2025-26	2026-27	2027-28	2028-29	Total	Estimated total budget	~	~	~	~	TBC	<i>Less estimates National Partnership Payments</i>	9.2	4.0	9.2	3.1	25.500	Balance of non-Commonwealth contributions	~	~	~	~	TBC
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Additional Terms	Allocation and Use of Funding																												
1.																													
a)	\$10 million of this funding must be used to implement the following 'Australian Government commitments': - o \$5 million for an ECEC centre at Westbury Primary School - o \$5 million for an ECEC centre at Huonville Primary School These projects must be delivered as a priority. A confirmed third-party contribution for the Huonville Primary School commitment																												

Table 1: Formalities and operation of schedule	
	will be updated in Appendix A by the Parties' delegates following written agreement by the Parties, once further scoping is complete.
b)	Remaining funding of up to \$15.5 million must be allocated to 'Eligible Projects' as recorded in 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 funding for 'Eligible Projects' (up to \$1.55 million) is provided to the State as 'contingency funding' (see Appendix B).
d)	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.
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 Agreement – Funding 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 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 State will be provided a template to support reporting. 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 may also be required to respond to ad-hoc requests for short

Table 1: Formalities and operation of schedule	
	status/progress updates from the Commonwealth, and 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.
6.	Variations For the purposes of Part 6 of the Federation Agreement – Funding 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 Appendix A .

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 = 30% of total funding amount 'Eligible Projects' formula = 10% contingency + 30% of 'Eligible Projects'	On execution	\$9.2 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	January, April, July, October, (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.	2026-27 2027-28	\$4.0 million \$6.2 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 not-for-profit provider has been selected to operate the service. Where this information is not available by 31 August 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' and 30% for 'Australian Government commitments') Estimated project milestone dates are included in Appendix A.	2027-28 2028-29	\$3.0 million \$3.1 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.*

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

Date: 10/9/26

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



The Honourable Jo Palmer MLC
Minister for Education

Date: 29/9/26

Appendix A – List of Funded Projects

Project Number	Project Title (new or upgrade)	Location	Project Description	Minimum ECEC places	Commonwealth Funding Approved	Estimated builder contracted	Estimated building completion (delivery timeframe)	State Funding	Third Party Funding
Tas1	Westbury Primary School (Election Commitment) (new)	Taylor Street, Westbury, TAS 7303	New Long Day Care (LDC) centre	36	\$5.0 million	April-June 2027	January-March 2028	\$150,000 in kind for land	Nil
Tas2	St Marys District School (new)	13 Gray Road, St Marys, TAS 7215	New LDC centre	24	\$4.0 million	July-September 2027	July-September 2028	\$70,000 in kind for land	Nil
Tas3	Rosetta Primary School (new)	32 Riverview Parade, Rosetta, TAS 7010	New LDC centre	36	\$5.0 million	July-September 2027	July-September 2028	\$280,000 in kind for land	Nil
Tas4	Bruny Island District School (new)	15 School Road, Alonnah, TAS 7150	New LDC centre	20	\$3.5 million	July-September 2027	July-September 2028	\$130,000 in kind for land	Nil
Tas5	Bothwell District High School (new)	37-39A Patrick St, Bothwell, TAS 7030	New LDC centre	20	\$3.0 million	July-September 2027	July-September 2028	\$80,000 in kind for land	Nil
Tas6	Huonville Primary School (Election commitment) (new)	74 Wilmot Road, Huonville, TAS 7109	New LDC and Outside School Hours Care centre	200 (LDC 130 [44 additional], OSHC 70 [20 additional])	\$5.0 million	November 2026	March 2028	\$5 million plus \$400,000 in kind for land	To be confirmed

Appendix B – Building Early Education Fund – Criteria

'Eligible Projects' (applies to remaining funding of up to \$15.5 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 \$1.55 million) is provided to the State as contingency.
- 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 State.
 - a. Where a project faces a cost overrun, the State 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. c. 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 type of care to be provided for 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 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 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
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	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 Agreement – Funding 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 Agreement – Funding Education and Skills, all public materials in relation to projects supported under the Building 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.
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