



Building Early Education Fund

The Australian Government will invest \$1 billion to establish the Building Early Education Fund (the Fund) to build early childhood education and care (ECEC) centres, including in the regions and outer suburbs.

This will give more families access to quality early childhood education and care in areas where it is needed most.

How will this initiative work?

The Fund will build and expand around 160 ECEC centres in areas of need, including the outer suburbs and regional Australia.

The Fund includes:

- \$500 million in targeted capital grant rounds focused on quality not-for-profit ECEC providers and state and local governments to establish new services and increase the capacity of existing ECEC services. Grants will be targeted to priority and underserved markets, including regional locations and the outer-suburbs. Where possible, services will be located on or near school sites.
- \$500 million provisioned for future Commonwealth investment in owning and leasing a portfolio of early childhood education and care centres to increase the supply of services, with \$2.3 million over two years from 2024-25 to undertake a business case to inform final design.

Why is this important?

More ECEC services are needed to underpin a future universal early education and care system.

The Productivity Commission in its inquiry into Australia's ECEC system found an undersupply of ECEC places was a barrier to ECEC access for families across Australia. It recommended the Commonwealth invest to address these service gaps, including through grant funding and by retaining ownership of services.

Together with the Government's historic \$3.6 billion investment in wage increases for the sector, the Fund will increase the availability of quality ECEC for families – particularly families in outer suburban and regional communities – and is an important step in charting the course to a universal early education and care system.

Who will benefit?

The Fund is expected to support around 160 new or expanded ECEC services. It is estimated that this investment will result in around 12,000 more ECEC places for Australian families in areas of need.

Priority areas will be determined by analysis of a variety of sources, including data on supply, need and disadvantage. The Government will work with state, territory and local governments and with communities to inform identification of locations. More information on locations will be made available in the coming months.

How much will it cost?

The Government is investing \$1.03 billion for the Building Early Education Fund:

- \$529.6 million over four years from 2024-25 (and an additional \$1.2 million in 2028–29) for the grants component
- \$2.3 million over two years from 2024-25 to the Department of Education to undertake a business case for the Commonwealth to invest in owning and leasing a portfolio of early childhood education and care centres to increase the supply of ECEC services, and
- \$500.0 million provisioned in Contingency Reserve for future investment.