

# PROJECT AGREEMENT NEW SOUTH WALES MURRAY-DARLING BASIN: ENVIRONMENTAL WORKS AND MEASURES FEASIBILITY PROGRAM

Council of  
Australian  
Governments

An agreement between

- n the Commonwealth of Australia and
- n the State of New South Wales

The output of this project will be a number of feasibility studies that have investigated the sustainable diversion limit offset potential of environmental works and measures proposals.

# Project Agreement for New South Wales Murray-Darling Basin: Environmental Works and Measures Feasibility Project

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

### PRELIMINARIES

1. This Project Agreement (the Agreement) is created subject to the provisions of the [Intergovernmental Agreement on Federal Financial Relations](#) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the Intergovernmental Agreement on Federal Financial Relations.
2. This Agreement provides for a Commonwealth financial contribution of \$3.2 million to support the delivery of feasibility investigations of environmental works and measures sub-projects including the sustainable diversion limit (SDL) offset potential and for a State-led process to assist development of community based environmental works and measures proposals.
3. This Agreement constitutes the entire agreement for this project.

### PART 1 – FORMALITIES

#### Parties to this Agreement

4. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of New South Wales (the State).

#### Term of the Agreement

5. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 June 2013, unless terminated earlier or extended as agreed in writing by the Parties.

#### Enforceability of the Agreement

6. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

#### Role of the Commonwealth

7. The Commonwealth will be responsible for:
  - (a) establishing the method and process for verification of SDL offsets;

- (b) monitoring and assessing achievement against milestones in the delivery of the Murray-Darling Basin Environmental Works and Measures Feasibility Project (the Project) under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
- (c) providing a consequent financial contribution to the State to support the implementation of this Agreement as per Table 2;
- (d) publishing a register of publicly available information about past, current and potential environmental works and measures projects; and
- (e) participating, at its discretion, as an observer to the project management committee established by the State.

## Role of the State

8. The State will be responsible for
  - a) all aspects of delivering on the project outputs set out in this Agreement;
  - b) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments; and
  - c) providing information on past, current and potential future projects for inclusion in the environmental works and measures register to be published by the Commonwealth.
  - d) developing project management plans for the State sub-projects and the State-led community engagement process;
  - e) establishing a project management committee to monitor and provide strategic direction on the project's implementation; and
  - f) liaising with, and providing information to assist the Murray Darling Basin Authority to determine the potential SDL offsets from the sub-projects;
9. Both Parties will meet the requirements of Schedule E, Clause 26 of the **Intergovernmental Agreement on Federal Financial Relations**, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under this Agreement, and that the roles of both Parties will be acknowledged and recognised appropriately.

## PART 2 – PROJECT OUTPUTS

### Outputs

10. Assist New South Wales to deliver feasibility investigations including, the costs, risks and benefits, of the following environmental works and measures sub-projects that have the potential to offset sustainable diversion limits (SDLs):
  - (a) Euston Lake restoration and improved water efficiency sub-project (\$0.4 million) will undertake a range of feasibility studies to investigate the management of Euston Lakes to assess water efficiencies and environmental benefits through a more natural wetting and drying regime. Euston Lakes are located on the northern side of the Murray River, approximately 80 kilometres south east of Mildura near the town of Euston.
  - (b) Upper Murrumbidgee environmental flow enhancement sub-project (\$0.5 million) will investigate the feasibility of raising the operational flow limit at Gundagai to allow improved

environmental outcomes for mid-river wetlands (Wagga Wagga to Hay, NSW). The investigation will include the potential for this to provide environmental water efficiencies and will identify the need for complementary actions such as the purchase of easements.

(c) Nimmie-Caira System Enhanced Environmental Water Delivery Sub-project (\$0.2 million) will investigate the potential to enhance environmental water delivery to key ecological assets in the Lower Murrumbidgee floodplain and potentially downstream in the Murray Valley. The investigations will consider the potential to provide both significant environmental benefit and reduce environmental water requirements through changed land use and the use of existing or enhanced infrastructure to better deliver environmental water.

(d) Piping Irrigation Demands sub-project (\$0.15 million) will undertake pre-feasibility investigations of the potential for water efficiency gains from developing pipelines to supply irrigation users in close vicinity to NSW State Water dams. The investigation will include consideration of the potential to deliver better and more water-efficient environmental outcomes from returning to more variable flow patterns in rivers and streams.

(e) Burrendong Dam sub-project (\$0.2 million) environmental flow enhancement sub-project will undertake a pre-feasibility study to investigate the potential benefit from enhancing the outlet capacity at Burrendong dam, south east of Wellington, NSW. This may enable the release of higher pulse flows which could lead to environmental benefits such as native fish spawning and recruitment, and potentially the more efficient delivery of environmental water including to the Macquarie Marshes.

(f) Southern Macquarie Marshes sub-project (\$0.2 million) environmental flow enhancement sub-project will assess options for more efficient inundation of the South Macquarie Marsh (approximately 50 kilometres north of Warren, NSW). This feasibility assessment will include options for restoring more stable floodplains, streambeds and wetlands.

(g) Investigation into efficient delivery of high priority stock and domestic supplies sub-project (\$0.15 million) will undertake pre-feasibility assessments to identify additional water efficiency gains by piping stock and domestic water supply schemes in high priority locations including in the Macquarie, Murray, Murrumbidgee river systems.

(h) Modify Weirs enhance floodplain inundation sub-project (\$0.2 million) will undertake a strategic assessment (part feasibility) of some existing weirs along the Murray River to determine the optimal weir pool height for facilitating more efficient delivery of environmental water onto the floodplain in a range of flow events.

11. Assist New South Wales to deliver a State-led local process to assist the development of community based proposals for environmental works and measures. This includes pre-feasibility assessment of short listed proposals and assessment of the potential for SDL offsets.

## PART 3 – FINANCIAL ARRANGEMENTS

12. The Commonwealth will provide a total financial contribution to the State of \$3.2 million in respect of this Agreement. All payments are GST exclusive. \$2 million is for State feasibility projects and \$1.2 million for the State led community process.
13. The Commonwealth's funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.

14. The Commonwealth's and the State's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the State paid in accordance with *Schedule D — Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**, are shown in Table 1.

Table 1: Estimated financial contributions

(\$ millions)	Year 1	Year 2	Year 3	Year 4	Total
Estimated total budget	2.56	0.64			
Less estimated National Partnership Payments	2.56	0.64	0.0	0.0	3.2
Balance of non-Commonwealth contributions	0	0			

15. National Partnership payments to the State will be paid in accordance with *Schedule D — Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**.
16. Having regard to the agreed estimated costs of projects specified in a Project Agreement, the State will not be required to pay a refund to the Commonwealth if the actual cost of the project is less than the agreed estimated cost of the project. Similarly, the State bears all risk should the costs of a project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for the State to deliver projects cost effectively and efficiently.

**PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS**

- 17. The following table summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made, once a report certifying that milestones have been met is received and accepted.

Table 2: Milestones, reporting and payment summary

Output	Milestone(s)	Date milestone report due	Payment \$
The delivery of feasibility investigations, including the costs, risks and benefits, of sustainable diversion limit (SDL) offset environmental works and measures sub-projects including	Submission of project management plans for the State sub-projects.	1 month from date agreement executed	400,000
	Engagement of project team and procurement of staff/consultants to deliver the Project.	3 months from date agreement executed	1,000,000
	Completion of the State feasibility-projects: Investigations completed as per the project management plan/s Information provided to assist the Murray Darling Basin Authority to determine potential SDL offsets; and acceptance of final report. Each feasibility report should be considered by the Commonwealth within 4 weeks of the date of individual submission.	16 months from date agreement executed	600,000
The delivery of a State-led local process to identify and prioritise community ideas for environmental works and measures and test the shortlisted community identified sub-projects through pre-feasibility assessment.	Submission of project management plan for the State-led community engagement process.	1 month after release of the draft Basin Plan	300,000
	Completion of the identification and prioritisation of community ideas and short-listing of the community identified sub-projects for pre-feasibility assessment, in accordance with the project management plan for the State-led community engagement process.	9 months after release of the draft Basin Plan	600,000
	Completion of pre-feasibility assessments for sub-projects shortlisted through the community engagement process including their potential SDL offsets; and acceptance of final report	14 months after release of the draft Basin Plan	300,000

## Reporting arrangements

18. The State will provide brief progress reports on milestones in accordance with the above table during the operation of the Agreement. Each milestone report is to contain the following information:

- a) a description of actual performance of the State in the period to date against the project milestones;
  - b) details of any matter(s) that have arisen which could adversely impact on the delivery of the output, and how the State proposes to resolve this/these matter(s); and
  - c) promotional activities undertaken in relation to, and media coverage of, the project during the reporting period and any promotional opportunities expected to arise during the next reporting period.
19. The State will also prepare a final Project Report on the completion of the project agreed under the Project Agreement. The Project Report will be a stand-alone document that can be used for public information dissemination purposes. The final Project Report will:
- a) describe the conduct, benefits and outcomes of the Project(s);
  - b) evaluate the Project, including assessing the extent to which the project milestones have been achieved and why any aspect was not achieved; and
  - c) include a discussion of any other matters relating to the project, limited to the minimum necessary for the effective assessment of performance, which the Commonwealth notifies the State should be included in the final project report at least 60 days before it is due.

## PART 5 – GOVERNANCE ARRANGEMENTS

### Dispute resolution

- 20. Any Party may give notice to other Parties of a dispute under this Agreement.
- 21. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
- 22. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant Ministerial Council.
- 23. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to COAG for consideration.

### Variation of the Agreement

- 24. The Agreement may be amended at any time by agreement in writing by all the Parties.
- 25. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing



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

***Signed for and on behalf of the Commonwealth of Australia by***

---

The Honourable Tony Burke MP  
Minister for Sustainability, Environment, Water, Population and Communities

Date:

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

---

The Honourable Katrina Hodgkinson MP  
Minister for Primary Industries, and Minister for Small Business

Date: