

# PROJECT AGREEMENT VICTORIA 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 Victoria

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 Victoria Murray-Darling Basin: Environmental Works and Measures Feasibility Program

## 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 Victoria (the State).

#### Term of the Agreement

5. This Agreement will commence as soon as the Parties sign the Agreement and will expire 20 months after release of the draft Basin Plan 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 in consultation with the State;
- (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;
- (c) providing a consequent financial contribution to the State to support the implementation of this Agreement;
- (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 Steering 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 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 Steering 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 Victoria 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) Watering the Lindsay Island floodplain sub-project (\$1.1 million) will progress Stage 2 of the Lindsay Island project by revising concept designs and conducting studies, such as salinity, geotechnical and cultural heritage. Stage 2 involves construction of a large weir and eight smaller regulators to improve inundation regimes for over 5000 hectares including large areas of River Red Gum floodplain.

b) Watering the Wallpolla Island floodplain sub-project (\$0.1 million) will undertake a review of the existing concept designs for a three kilometre long channel and seven regulating structures proposed to improve inundation regimes of around 1,000 hectares of floodplain, including River Red Gum communities and wetlands, as well as increasing flowing habitat by 50 kilometres. This process may also identify potential additional environmental benefits.

c) Watering River Red Gum sites along the Murray sub-project (\$0.2 million) will undertake scoping studies and feasibility investigations into using structural works to deliver environmental water to various Victorian sites, between Echuca and the South Australian Border, including in the newly established reserves for the protection of River Red Gums.

d) Watering black box wetlands in Gunbower forest sub-project (\$0.45 million) will undertake concept design of a 50 metre channel to deliver water from the Torrumbarry weir pool to the Gunbower forest; an off take regulator and fishway; and minor earth works to remove man made barriers. These works could potentially inundate over 8,000 hectares of forest, including threatened Black Box woodland and wetlands. The concept design and preliminary studies for the proposed work are already completed

e) Watering the Hattah Lakes - Chalka Creek North sub-project (\$0.15 million) will complete feasibility studies and progress detailed designs of an environmental regulator, upgrade roads and box culverts for Chalka Creek north, approximately 50 kilometres south of Mildura, Victoria. It will investigate the delivery of water to the site via a pump station that is to be constructed under The Living Murray program.

11. Assist Victoria 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 sub-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	2.4	0.80			3.2
Less estimated National Partnership Payments	2.4	0.80	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	1. Acceptance of project management plans for the State sub-projects.	30 September 2011	400,000
	2. Engagement of project team and procurement of staff/consultants to deliver the Project.	30 November 2011	1,000,000
	3. Completion of the State sub-projects: <ul style="list-style-type: none"> <li>Investigations completed as per the project management plan/s</li> <li>Information provided to assist the Murray Darling Basin Authority to determine potential 'SDL offsets'; and acceptance of final report.</li> </ul>	31 December 2012	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.	4. Acceptance of a project management plan for the State-led community engagement process (by the four Northern Victorian CMAs).	1 month after release of the draft Basin Plan	400,000
	5. 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.	8 months after release of the draft Basin Plan	600,000
	6. Completion of pre-feasibility assessments for sub-projects shortlisted through the community engagement process including their potential SDL offset; and acceptance of final report.	20 months after release of the draft Basin Plan	200,000

## Reporting arrangements

18. The State will provide 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 description of actual performance of the State in the period to date against the project milestones;
  - 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 affective 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***

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

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

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The Honourable Peter Walsh MP  
Minister for Water  
Date: