

# Accelerated funding: New South Wales supply and constraints projects

## FEDERATION FUNDING AGREEMENT – ENVIRONMENT

<b>Table 1: Formalities and operation of schedule</b>	
Parties	Commonwealth New South Wales
Duration	<p>This Schedule will commence as soon as it is agreed between the Commonwealth and New South Wales (NSW) and will expire on 30 June 2024, or earlier if agreed measures including final performance report are completed.</p> <p>If, during the term of this agreement, a schedule under the Federation Funding Agreement - Environment (FFA- Environment) is agreed for Stage 2 Funding for Sustainable Diversion Limits Adjustment Supply and Constraints Measures in the Murray-Darling Basin (Stage 2), then this Schedule will be included as a sub-schedule to the Stage 2 Schedule, to the extent that the terms are not inconsistent.</p>
Purpose	<ol style="list-style-type: none"> <li>1. This Schedule will support the Commonwealth and States to implement the package of supply and constraints measures to give effect to an amendment to the Murray-Darling Basin Plan (Basin Plan) which commenced in law on 13 January 2018 and enabled the Basin Plan's Sustainable Diversion Limits to be increased by 605 gigalitres (GL). The availability of the 605 GL supply contribution is subject to the recovery of 62 GL of efficiency measures, consistent with the five per cent adjustment limit set out in clause 7.19 of the Basin Plan.</li> <li>2. This Schedule is made under the FFA - Environment and complements the existing agreement set out in the Project Agreement (<i>Project Agreement for Stage 1 Funding for Sustainable Diversion Limits Adjustment Supply and Constraints Measures in the Murray-Darling Basin</i>) and the deliverables set out in its related Schedule A (<i>Stage 1 Funding for New South Wales Supply and Constraints Measures</i>).</li> <li>3. This Schedule accelerates the delivery of five specific measures originally anticipated to be delivered under a new funding agreement for Stage 2 activities. These activities will be accelerated ahead of the completion of Stage 1 (Schedule A to the Project Agreement), and/or prior to the approval for progress with the comprehensive project works package for any remaining Sustainable Diversion Limit Adjust Mechanism (SDLAM) projects. This will allow streamlined assessment and delivery of the five measures by 30 June 2024.</li> <li>4. Scheduled deliverables and payments under Schedule A (milestones 6, 7 and 8 in Table 2) for the five projects are included in milestones 1 and 2 of this Schedule. They will be evidenced and funded under this Schedule in</li> </ol>

<sup>1</sup> Basin Plan Amendment (SOL Adjustments) Instrument 2017 (see <https://www.legislation.gov.au/Details/F2018L0040>)

	<p>accordance with the agreed target dates and payment amount, with no further payments made under Schedule A.</p> <p>5. The supply and constraints measures included in this Schedule are:</p> <ul style="list-style-type: none"> <li>a. Koondrook-Perricoota Flow Enabling Works (part of the Yarrawonga to Wakool constraints)</li> <li>b. Mid-Murray Ana branches Constraints Demonstration Reach (part of the Yarrawonga to Wakool constraints)</li> <li>c. Sustainable Diversion Limits offsets in the Lower Murray: Locks 8 and 9 project</li> <li>d. Modernising Supply Systems for Effluent Creeks Project (Yanco Creek Modernisation Project)</li> <li>e. Murrumbidgee and Murray National Park Project</li> </ul>																				
<p>Estimated financial contributions</p>	<p>The Commonwealth will provide an estimated total financial contribution to NSW of up to \$331.2 million as per the Estimated Total Financial Contribution in Table 1. All payments are GST exclusive.</p> <hr/> <p><b>Table 1</b></p> <table border="1" data-bbox="375 940 1412 1243"> <thead> <tr> <th>(\$ million)</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Estimated total budget</b></td> <td><b>87.8</b></td> <td>118.3</td> <td>125.1</td> <td><b>331.2</b></td> </tr> <tr> <td><i>Less estimated Commonwealth Payments</i></td> <td>87.8</td> <td>118.3</td> <td>125.1</td> <td><b>331.2</b></td> </tr> <tr> <td><i>Balance of non-Commonwealth contributions</i></td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td><b>0.0</b></td> </tr> </tbody> </table>	(\$ million)	2021-22	2022-23	2023-24	Total	<b>Estimated total budget</b>	<b>87.8</b>	118.3	125.1	<b>331.2</b>	<i>Less estimated Commonwealth Payments</i>	87.8	118.3	125.1	<b>331.2</b>	<i>Balance of non-Commonwealth contributions</i>	0.0	0.0	0.0	<b>0.0</b>
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<p>Additional terms</p>	<p><b>Basin Plan and SDLAM project delivery</b></p> <p>Acceleration projects are being delivered to achieve the greatest contribution towards the 605 GL offset that is possible by 30 June 2024. Basin governments acknowledge the challenges and risks associated with achieving the 605 GL offset and agreed to continue to work together to minimise these risks.</p> <p>The Commonwealth and NSW recognise that further work is required to deliver the remaining activities within the Stage 1 Funding for New South Wales Supply and Constraints Measures schedule.</p> <p>The assets being constructed or modified by NSW as part of this Schedule have clear asset ownership pathways (i.e. private landholders, River Murray Joint Venture, WaterNSW, NSW Parks and Wildlife Service). The Commonwealth will not acquire any assets nor any liability for any operations, maintenance or recurrent costs from works undertaken or associated with this Schedule.</p> <p><b>Funding</b></p> <p>Should the actual total expenditure incurred by NSW to deliver all the activities described in Tables 2-6 be less than the Commonwealth's estimated total financial</p>																				

contribution, the Parties agree that the final payment will be reduced to meet the total actual expenditure incurred on the activities.

Operation and maintenance, and renewal costs are estimated to be 2.5% of capex. per year. The parties acknowledge that operation and maintenance costs for acceleration projects can be managed through existing asset owner arrangements. Resolution of responsibility for operation and maintenance costs for NSW's other SDLAM projects is still required between NSW and the Commonwealth and this will be resolved through agreement by Basin Ministers.

#### **Milestone achievement**

In accordance with this agreement, NSW will provide evidence on the achievement of each Milestone in accordance with Tables 2-6. Evidence of milestone achievement is due 10 business days after target dates listed in Tables 2-6.

Evidence will include, but is not limited to:

- Project Management Suite of documents including but not be limited to:
  - o Project Plan
  - o Community and Stakeholder Management Plan
  - o Schedule, estimates and forecasts, risk registers,
  - o Quarterly project updates including financial expenditure summary
  - o Project closure reports

Through NSW existing project board governance arrangements, NSW will notify the Commonwealth should any matters arise that would inhibit complete and timely delivery of the proposed works or a significant change to the cost required to deliver the proposed works.

**Table 2: Project 1 Koondrook-Perricoota Flow Enabling Works - Performance requirements, reporting and payment summary**

<b>Project Phase</b>	<b>Performance milestones</b>	<b>Target milestone achievement</b>	<b>Payment (up to)</b>
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> <li>Project Management suite of documents</li> </ul>	Within 10 business days of signing this Schedule	\$2.456m
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> <li>Concept Design Phase Basis of Design report - initial issue</li> <li>Planning approvals pathway document - initial issue</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2021	\$6.141m
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> <li>Construction commenced in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2022	\$10.746m
Delivery 50%	Milestone 4 <ul style="list-style-type: none"> <li>Construction 50% complete in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2023	\$10.746m
Construction Completion	Milestones <ul style="list-style-type: none"> <li>Construction complete - commissioning and handover of assets scheduled.</li> </ul>	30/04/2024	\$0.614m
Total			\$30.703m

**Table 3: Project 2 Mid-Murray Anabranes Constraints Demonstration Reach-Performance requirements, reporting and payment summary**

<b>Output</b>	<b>Performance milestones</b>	<b>Target milestone achievement</b>	<b>Payment (up to)</b>
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> <li>Project Management suite of documents</li> </ul>	Within 10 business days of signing this Schedule	\$4.914m
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> <li>Concept Design Phase Basis of Design report- initial issue.</li> <li>Planning approvals pathway document - initial issue</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2021	\$12.285m
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> <li>Construction commenced in accordance with project management documentation.</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2022	\$21.499m
Delivery 50%	Milestone 4 <ul style="list-style-type: none"> <li>Construction 50% complete in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement .</li> </ul>	1/11/2023	\$21.499m
Construction Completion	Milestones <ul style="list-style-type: none"> <li>Construction complete - commissioning and handover of assets scheduled.</li> </ul>	30/04/2024	\$1.229m
Total			\$61.425m

**Table 4: Project 3 SDL offsets in the Lower Murray Locks 8 and 9- Performance requirements, reporting and payment summary**

<b>Output</b>	<b>Performance milestones</b>	<b>Target milestone achievement</b>	<b>Payment (up to)</b>
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> <li>Project Management suite of documents</li> </ul>	Within 10 business days of signing this Schedule	\$2.359m
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> <li>Concept Design Phase Basis of Design report- initial issue.</li> <li>Planning approvals pathway document - initial issue</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2021	\$12.949m
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> <li>Construction commenced in accordance with project management documentation.</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2022	\$22.661m
Delivery 50%	Milestone 4 <ul style="list-style-type: none"> <li>Construction 50% complete in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2023	\$22.661m
Construction Completion	Milestone 5 <ul style="list-style-type: none"> <li>Construction complete - commissioning and handover of assets scheduled.</li> </ul>	30/04/2024	\$1.295m
Total			\$61.925m

**Table 5: Project 4 Modernising supply systems for effluent creeks (Yanco Modernisation) - Performance requirements, reporting and payment summary**

<b>Output</b>	<b>Performance milestones</b>	<b>Target milestone achievement</b>	<b>Payment (up to)</b>
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> <li>Project Management suite of documents</li> </ul>	Within 10 business days of signing this Schedule	\$6.391m
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> <li>Concept Design Phase Basis of Design report- initial issue.</li> <li>Planning approvals pathway document - initial issue</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2021	\$21.221m
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> <li>Construction commenced in accordance with project management documentation.</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2022	\$37.136m
Delivery 50%	Milestone 4 <ul style="list-style-type: none"> <li>Construction 50% complete in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement .</li> </ul>	1/11/2023	\$37.136m
Construction Completion	Milestone 5 <ul style="list-style-type: none"> <li>Construction complete - commissioning and handover of assets scheduled .</li> </ul>	30/04/2024	\$2.122m
Total			\$104.006m

**Table 6: Project 5 Murrumbidgee and Murray National Park- Performance requirements, reporting and payment summary**

<b>Output</b>	<b>Performance milestones</b>	<b>Target milestone achievement</b>	<b>Payment (up to)</b>
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> <li>Project Management suite of documents</li> </ul>	Within 10 business days of signing this Schedule	\$4.087m
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> <li>Concept Design Phase Basis of Design report - initial issue.</li> <li>Planning approvals pathway document - initial issue</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2021	\$15.003m
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> <li>Construction commenced in accordance with project management documentation.</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2022	\$26.255m
Delivery 50%	Milestone 4 <ul style="list-style-type: none"> <li>Construction 50% complete in accordance with project management documentation</li> <li>Progress report on community and stakeholder engagement.</li> </ul>	1/11/2023	\$26.255m
Construction Completion	Milestones <ul style="list-style-type: none"> <li>Construction complete - commissioning and handover of assets scheduled.</li> </ul>	30/04/2024	\$1.500m
Total			\$73.101m

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

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



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**The Honourable Keith Pitt MP**  
Minister for Resources and Water

3 / 8 / 21  
[Day] [Month] [Year]

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



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**The Honourable Melinda Pavey MP**  
Minister for Water, Property and Housing

8 / 9 / 2021  
[Day] [Month] [Year]