

Schedule A

Stage 1 Funding for New South Wales Supply and Constraints Measures

PROJECT AGREEMENT FOR STAGE 1 FUNDING FOR SUSTAINABLE DIVERSION LIMITS (SDL) ADJUSTMENT SUPPLY AND CONSTRAINTS MEASURES IN THE MURRAY-DARLING BASIN

1. This Schedule has been developed in accordance with Clause 18 of the Project Agreement for Stage 1 Funding for Sustainable Diversion Limits (SDL) Adjustment Supply and Constraints Measures in the Murray-Darling Basin [the Agreement].
2. This Schedule will commence as soon as it agreed between the Commonwealth and New South Wales (NSW) and will expire on 30 June 2022, or on completion of agreed measures, including final performance reporting and processing of final payments against milestones.
3. The Commonwealth will provide an estimated total financial contribution to NSW of up to \$97.76 million in respect of this Schedule as shown in Table 1. All payments are GST exclusive.

Table 1: Estimated financial contributions

(\$ million)	2018-19	2019-20	2020-21	2021-22	Total
Estimated total budget	3.49	30.82	49.83	13.62	97.76
Less estimated National Partnership Payments	3.49	30.82	49.83	13.62	97.76
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0

4. The total financial contribution includes funding of \$3.56 million for activities associated with the Lower Darling River water security component of the Menindee Lakes Water Savings Project. The payment of any of this amount (\$3.56 million) to New South Wales is subject to future decisions of the Commonwealth and New South Wales Governments on activities to be pursued under that component.
5. The Stage 1 activities undertaken by NSW in respect of this Schedule will be delivered across three works streams: Murray Work Stream, Murrumbidgee Work Stream and Darling Work Stream. The supply and constraints measures included in each work stream are outlined below:

- a) Murray Work Stream: SDL Offsets in the Lower Murray NSW: Locks 8 and 9 weir pool manipulation; Carrs, Cappitts and Bunberoo Creeks connectivity; Frenchmans Creek fish passage (SDL Offsets in the Lower Murray), Murray and Murrumbidgee Valley National Parks SDL Adjustment Supply Measure (Murray National Park component), Constraints management strategy Yarrowonga to Wakool Reach concept proposal (Yarrowonga to Wakool constraints measure);
 - b) Murrumbidgee Work Stream: Modernising Supply Systems for Effluent Creeks - Murrumbidgee River, Improved flow management works at the Murrumbidgee River - Yanco Creek off-take (Yanco Creek Offtake), Murray and Murrumbidgee National Parks SDL Adjustment Supply Measure (Murrumbidgee National Park component) and Murrumbidgee constraints measure concept proposal (Murrumbidgee constraints measure); and
 - c) Darling Work Stream: Menindee Lakes Water Savings Project, including the Lower Darling constraints measure.
6. The Stage 1 activities or outputs to be delivered by NSW for the Murray Work Stream, Murrumbidgee Work Stream and Darling Work Stream are outlined below:
- a) Delivery framework for each work stream including establishment of the program team and governance and reporting frameworks.
 - b) Stage 1 activities including:
 - i. Preparing business cases for and progressing the measures through the Infrastructure NSW (INSW) Gateway approval process;
 - ii. Preparing designs, specifications and costings for infrastructure and operating plans for the measures;
 - iii. Obtaining decisions on statutory approvals and/or permits necessary for commencement of individual measures;
 - iv. Undertaking stakeholder engagement, including for the Yarrowonga to Wakool constraints measure, Murrumbidgee constraints measure and Lower Darling constraints measure:
 - i. developing and implementing a commercial framework for negotiating inundation of land;
 - ii. obtaining initial agreement from landholders or alternative arrangements have been established;
 - v. Completing Stage 2 implementation proposals for each measure including, but not limited to the following information:
 - i. Confirmation of the submission of the respective measure to the Commonwealth for gateway assessment;

- ii. Stage 2 cost estimate for the respective measure;
 - iii. Evidence to demonstrate resolution, or a strategy to resolve all post-Phase 2 assessment issues for the respective measure;
 - iv. Arrangements for the ongoing ownership and responsibility for the operations and maintenance costs for the respective measure; and
 - v. Confirmation that the respective measure has received all necessary statutory decisions.
- 7. The provision of funding for the Yanco Creek Offtake measure (Murrumbidgee Stream) is subject to the completion of the phased assessment of the measure's business case for the SDL Adjustment Mechanism.
- 8. In accordance with the Agreement, NSW will provide reports on the progress of each output in accordance with the timing in Tables 2, 3 and 4. If a report referred to in Table 2 indicates that NSW has not met the relevant milestone, NSW may submit a later report demonstrating that the relevant milestone has been met, for the purposes of clause 21 of the Agreement. In addition to the reporting specified in the Agreement, the reports to be provided by NSW are also to include:
 - a) Stage 1 Activities Status Update;
 - b) Financial expenditure statement;
 - c) Progress reports on all NSW supply and constraints measures (including measures not funded under this Schedule and measures where NSW is a joint proponent);
 - d) Details and outcomes on stakeholder engagement activities; and
 - e) Updates on resolving the issues identified in the assessment of the business cases for the respective measures for the SDL adjustment mechanism and reflected in the post-Phase 2 assessment issues register.
- 9. In accordance with clause 21 of the Agreement, the milestones for each measure under the work streams, their relationship to the outputs, relevant reporting dates and the maximum expected payments to be made are set out in Tables 2 to 7. The guideline on items to be addressed by New South Wales in the delivery of milestones is at Appendix 1.

Table 2: Murray Work Stream milestones and reporting summary

Outputs	Milestone Component	Milestone number	Report Due
Murray Work Stream delivery framework	Establishment of program management team Registration of program with Infrastructure New South Wales (INSW)	1	30 April 2019
	Establishment and operation of program governance controls & reporting frameworks, processes and systems	2	30 October 2019
SDL offsets in the Lower Murray	Lodgement of INSW gateway 1 Completion of stakeholder engagement framework	2	30 October 2019
	Development of conceptual modelling Completion of design and commission framework documentation Development of operating rules Development of monitoring and evaluation plan	3	30 April 2020
	Lodgement of INSW gateway 2 Lodgement of statutory approvals and/or permits Completion of design specifications and costings	4	30 October 2020
	Completion of Stage 2 implementation proposal	5	30 April 2021
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5	30 October 2019, 30 April 2020, 30 October 2020 30 April 2021 30 October 2021
Murray National Parks Project	Lodgement of INSW gateway 1 Completion of stakeholder engagement framework	2	30 October 2019
	Development of conceptual modelling Completion of design and commission framework documentation Development of operating rules Development of monitoring and evaluation plan	3	30 April 2020
	Lodgement of INSW gateway 2 Lodgement of statutory approvals and/or permits	4	30 October 2021

Outputs	Milestone Component	Milestone number	Report Due
	Completion of design specifications and costings		
	Completion of Stage 2 implementation proposal	5	30 April 2022
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5	30 October 2019, 30 April 2020, 30 October 2020 30 April 2021 30 October 2021
Yarrowonga to Wakool constraints measure	Deliverability risks and issues planning Completion of implementation plan aligning milestones across jurisdictions INSW gateway 1 documentation development contracted Provision of draft stakeholder engagement framework for discussion with Commonwealth	2	30 October 2019
	Stakeholder engagement framework completed and agreed with the Commonwealth Lodgement of INSW gateway 1	3	30 April 2020
	Development of conceptual modelling Development of mapping and operating rules Development of monitoring and evaluation plan	4	30 October 2020
	Establishment of commercial framework Completion of Landowner Consultation Progress Report 1	5	30 April 2021
	Lodgement of statutory approvals and/or permits Completion of Landowner Consultation Progress Report 2 Design specifications and costings contracted	6	30 October 2021
	Lodgement of INSW gateway 2 Completion of design specifications and costings Completion of Landowner Consultation Progress Report 3	7	30 April 2022

Outputs	Milestone Component	Milestone number	Report Due
	Completion of Stage 2 implementation proposal		
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6	30 October 2019, 30 April 2020, 30 October 2020 30 April 2021 30 October 2021

Table 3: Murrumbidgee Work Stream milestones and reporting summary

Outputs	Milestone Component	Milestone number	Report Due
Murrumbidgee Work Stream delivery framework	Establishment of program management team Registration of program with INSW	1	30 April 2019
	Establishment and operation of program governance controls & reporting frameworks, processes and systems	2	30 October 2019
Modernising Supply Systems for Effluent Creeks - Murrumbidgee River	INSW Gateway 1 documentation development contracted Completion of stakeholder engagement framework	2	30 October 2019
	Development of conceptual modelling Lodgement of INSW Gateway 1 Completion of design and commission framework documentation Development of operating rules	3	30 April 2020
	Development of monitoring and evaluation plan Design specifications and costings contracted	4	30 October 2020
	Lodgement of INSW Gateway 2	5	30 April 2021
	Completion of design specifications and costings Lodgement of statutory approvals and/or permits	6	30 October 2021
	Completion of Stage 2 implementation plan	7	30 April 2022
	Completion of activities that progress achievement of subsequent milestones as	2,3,4,5, 6	30 October 2019, 30 April 2020,

Outputs	Milestone Component	Milestone number	Report Due
	outlined in the Stage 1 Activities Status Update		30 October 2020, 30 April 2021, 30 October 2021
Yanco Creek Offtake	INSW Gateway 1 documentation development contracted Completion of stakeholder engagement framework	2	30 October 2019
	Lodgement of INSW gateway 1 Development of conceptual modelling Completion of design and commission framework documentation Development of operating rules	3	30 April 2020
	Development of monitoring and evaluation plan Design specifications and costings contracted	4	30 October 2020
	Lodgement of INSW Gateway 2 Completion of design specifications and costings Lodgement of statutory approvals and/or permits	5	30 April 2021
	Completion of Stage 2 implementation plan	6	30 October 2021
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6	30 October 2019, 30 April 2020, 30 October 2020, 30 April 2021, 30 October 2021
Murrumbidgee National Parks	INSW Gateway 1 documentation development contracted Completion of stakeholder engagement framework	2	30 October 2019
	Lodgement of INSW gateway 1 Development of conceptual modelling Completion of design and commission framework documentation Development of operating rules Development of monitoring and evaluation plan	3	30 April 2020

Outputs	Milestone Component	Milestone number	Report Due
	Design specifications and costings contracted	4	30 October 2020
	Lodgement of INSW Gateway 2	5	30 April 2021
	Completion of design specifications and costings complete Lodgement of statutory approvals and/or permits	6	30 October 2021
	Completion of Stage 2 implementation plan	7	30 April 2022
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6	30 October 2019, 30 April 2020, 30 October 2020, 30 April 2021, 30 October 2021
Murrumbidgee constraints measure	Deliverability risks and issues planning Completion of implementation plan aligning milestones across jurisdictions INSW gateway 1 documentation development contracted Provision of draft stakeholder engagement framework for discussion with Commonwealth	2	30 October 2019
	Stakeholder engagement framework completed and agreed with the Commonwealth Lodgement of INSW Gateway 1	3	30 April 2020
	Development of conceptual modelling Development of mapping and operating rules Development of monitoring and evaluation plan	4	30 October 2020
	Establishment of commercial framework Completion of Landowner Consultation Progress Report 1	5	30 April 2021
	Lodgement of statutory approvals and/or permits Completion of Landowner Consultation Progress Report 2 Design specifications and costings contracted	6	30 October 2021
	Lodgement of INSW gateway 2	7	30 April 2022

Outputs	Milestone Component	Milestone number	Report Due
	Completion of design specifications and costings Completion of Landowner Consultation Progress Report 3 Completion of Stage 2 implementation proposal		
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6	30 October 2019, 30 April 2020, 30 October 2020, 30 April 2021, 30 October 2021

Table 4: Darling Work Stream milestones and reporting summary

Outputs	Milestone Component	Milestone number	Report Due
Darling Work Stream delivery framework	Establishment of program management team Registration of program with INSW	1	30 April 2019
	Establishment and operation of program governance controls & reporting frameworks, processes and systems	2	30 October 2019
Menindee Lakes Water Savings Project	Completion of stakeholder engagement framework INSW gateway 1 documentation development contracted	2	30 October 2019
	Lodgement of INSW gateway 1 Development of operating rules Development of conceptual modelling Completion of design and commission framework documentation	3	30 April 2020
	Development of monitoring and evaluation plan	4	30 October 2020
	Lodgement of INSW gateway 2 Completion of design specifications and costings	5	30 April 2021
	Lodgement of statutory approvals and/or permits	6	30 October 2021
	Completion of Stage 2 implementation plan	7	30 April 2022
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6	30 October 2019, 30 April 2020,

Outputs	Milestone Component	Milestone number	Report Due
			30 October 2020 30 April 2021 30 October 2021
Lower Darling constraints measure	Deliverability risks and issues planning Completion of implementation plan aligning milestones across jurisdictions INSW gateway 1 documentation development contracted Provision of draft stakeholder engagement framework for discussion with Commonwealth	2	30 October 2019
	Stakeholder engagement framework completed and agreed with the Commonwealth Lodgement of INSW Gateway 1	3	30 April 2020
	Development of conceptual modelling Development of mapping and operating rules Development of monitoring and evaluation plan	4	30 October 2020
	Establishment of commercial framework Completion of Landowner Consultation Progress Report 1	5	30 April 2021
	Lodgement of statutory approvals and/or permits Completion of Landowner Consultation Progress Report 2 Design specifications and costings contracted	6	30 October 2021
	Lodgement of INSW gateway 2 Completion of design specifications and costings Completion of Landowner Consultation Progress Report 3	7	30 April 2022
	Completion of Stage 2 implementation proposal	8	June 2022
	Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update	2,3,4,5, 6,7	30 October 2019, 30 April 2020, 30 October 2020, 30 April 2021, 30 October 2021, 30 April 2022

10. Funds will be paid against actual expenditure incurred for the achievement of the project milestones in each work stream.

Table 5. Financial Cost Breakdown for Murray Work Stream

Milestone	Date Due	Up to Payment (\$M ex GST)
1	April 2019	1.11
2	October 2019	4.75
3	April 2020	7.41
4	October 2020	10.91
5	April 2021	10.42
6	October 2021	2.89
7	April 2022	1.75

Table 6. Financial Cost Breakdown for Murrumbidgee Work Stream

Milestone	Date Due	Up to Payment (\$M ex GST)
1	April 2019	1.04
2	October 2019	4.16
3	April 2020	6.35
4	October 2020	9.16
5	April 2021	8.46
6	October 2021	3.22
7	April 2022	1.12

Table 7. Financial Cost Breakdown for Darling Work Stream

Milestone	Date Due	Up to Payment (\$M ex GST)
1	April 2019	1.34
2	October 2019	3.39
3	April 2020	4.76
4	October 2020	6.05
5	April 2021	4.83
6	October 2021	3.36
7	April 2022	1.28

Note: Darling Work Stream includes funding of \$3.56 million for activities associated with the Lower Darling River water security component of the Menindee Lakes Water Saving Project. The payment of any of this amount (\$3.56 million) to New South Wales is subject to future decisions of the Commonwealth and New South Wales governments.

11. Expenditure on activities under this Schedule incurred by New South Wales from 1 July 2018 will be eligible for consideration for payment under milestones in this Schedule.
12. If the actual expenditure for a particular milestone is less than the payment amount for that same milestone, the residual amount (being the difference between the actual expenditure and the payment amount) will remain available under this Schedule as a

contingency for meeting any necessary reasonable additional costs for activities under the Schedule subject to the clauses 13 to 17 of this Schedule.

13. The Commonwealth may agree to requests from NSW to transfer a residual amount, or part thereof, to a subsequent milestone in the work streams in this Schedule.
14. A request from NSW to transfer a residual amount to a milestone falling within the same financial year may be agreed to by the Commonwealth portfolio minister. Such transfers may be agreed and take place without a variation to the Schedule.
15. The Commonwealth Minister may delegate the agreement of transfers of residual amounts within the same financial year to Senior Executive Service officers from the Commonwealth, having regard to the financial and policy risks associated with the transfers.
16. A request from NSW to transfer a residual amount to increase a milestone amount in a later financial year may be agreed in writing by the relevant Commonwealth and State portfolio ministers in accordance with clause 35 of the Agreement.
17. NSW will provide a reconciliation of any residual amounts that have been transferred to subsequent milestones as part of reports required in accordance with clause 23 of the Agreement.
18. The work streams in this Schedule are independent bodies of work. Milestones and associated payments in one work stream are independent of milestones and payments in other work streams. The non-completion of a milestone by its reporting date in a particular work stream will not prevent payment being made for a completed milestone in a different work stream.

SIGN OFF

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

Signed for and on behalf of the Commonwealth of Australia by



The Honourable David Littleproud MP
Minister for Agriculture and Water Resources

27 02 2019
[Day] [Month] [Year]

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



The Honourable Niall Blair MLC
Minister for Regional Water

28 2 2019
[Day] [Month] [Year]

NSW Supply and Constraints Measures – Guideline on items to be addressed by NSW in the delivery of milestones for the measures included in the Murray, Murrumbidgee and Darling Work Streams

Milestones Description	Deliverable	Details of Deliverables
Establishment of program management team	Program Management Team structure established	<ul style="list-style-type: none"> • Staff organisation structure • Summary of recruitment progress and appointments • Sub-program level procurement plan
Registration of program with INSW	INSW gateway registration documents	<ul style="list-style-type: none"> • Lodgement of projects into INSW Gateway (Program Registration)
Establishment and operation of program governance controls & reporting frameworks, processes and systems	Establishment of governance arrangements	<ul style="list-style-type: none"> • Governance discussion paper to include explanation and establishment of: <ul style="list-style-type: none"> ○ Program governance structure ○ Project Control Board (PCB) and Project Management Office (PMO) ○ PCB Terms of reference ○ Advisory group terms of reference
	Program delivery framework overview	<ul style="list-style-type: none"> • Program management delivery framework
Deliverability risks and issues planning	NSW inputs toward system-wide risk management strategy	<ul style="list-style-type: none"> • NSW constraints measures risk management strategy - provided to Constraints Measures Working Group
Completion of implementation plan aligning milestones across jurisdictions	NSW inputs toward framework for policy, regulatory and legal items prioritised to be resolved/aligned	<ul style="list-style-type: none"> • NSW preliminary position paper on key constraints measures policy, regulatory and legal issues - provided to Constraints Measures Working Group
INSW gateway 1 documentation development contracted	Consultant contracted and commenced work	<ul style="list-style-type: none"> • Tender documentation and contract • Progress reports as per contract
Lodgement of INSW gateway 1	Preliminary business case and INSW gateway 1 submission documents	<ul style="list-style-type: none"> • Project scope • Project justification • Options analysis • Preliminary cost estimate and cost benefit analysis

		<ul style="list-style-type: none"> • Project and governance arrangements • Preliminary risk assessment
Lodgement of INSW gateway 2	INSW gate 2 submission documentation	<ul style="list-style-type: none"> • Detailed Risk Register; • Detailed cost plan; • Detailed cost benefit analysis • Procurement and delivery strategy
Provision of draft stakeholder engagement framework for discussion with Commonwealth	Draft stakeholder Engagement Plan	<ul style="list-style-type: none"> • Draft Stakeholder Engagement Plan to progress statutory approvals, input into design and operating models, provide framework for 'whole of state' support for project and specify targets for the implementation of constraints measures including landholder consultation and execution of agreements with landholders.
Stakeholder engagement framework completed and agreed with the Commonwealth	Stakeholder Engagement Plan	<ul style="list-style-type: none"> • Stakeholder engagement plan to progress statutory approvals, input into design and operating models, provide framework for 'whole of state' support for project and specify targets for the implementation of constraints measures including landholder consultation and execution of agreements with landholders.
Completion of Landowner Consultation Progress Report 1	Landowner Consultation Progress report 1	<ul style="list-style-type: none"> • Achievement of targets in stakeholder engagement plan
Completion of Landowner Consultation Progress Report 2	Landowner consultation report 2	<ul style="list-style-type: none"> • Achievement of targets in stakeholder engagement plan • Public information session outcomes • Landholder negotiation strategy evaluation
Completion of Landowner Consultation Progress Report 3	Landowner consultation report 3	<ul style="list-style-type: none"> • Achievement of targets in stakeholder engagement plan • Public information session outcomes • Landholder negotiation strategy evaluation
Development of conceptual modelling	Scheme Conceptual model	<ul style="list-style-type: none"> • Scheme conceptual modelling comprises Long Term Environmental Watering Plan Outcomes and Hydrology Modelling.
Completion of design and commission framework documentation		<ul style="list-style-type: none"> • Design and Commission framework documentation for infrastructure included in Phase 2 business case • Survey and geotech investigations, civil, hydraulic modelling, electrical and

		telemetry, peer-review and testing and commission framework.
Completion of design specifications and costings	Design specifications Risk based cost estimates	<ul style="list-style-type: none"> • Technical specifications for infrastructure included in Phase 2 business case • Updated independently verified total cost estimate for project implementation
Development of mapping and operating rules developed	River Operations consultation report	<ul style="list-style-type: none"> • Inundation mapping • Operating rules and requirements developed
Development of Monitoring and Evaluation Plan	Monitoring and Evaluation Plan	<ul style="list-style-type: none"> • Monitoring and Evaluation Plan developed to determine operating model implementation effectiveness, baseline and framework for statutory consent conditions and Murray-Darling Basin Authority reconciliation.
Establishment of commercial framework	Commercial framework document	<ul style="list-style-type: none"> • Incentive and/or compensation based model authorising land inundation developed.
Lodgement of statutory approvals and/or permits	Statutory approvals	<ul style="list-style-type: none"> • Lodgement of key environmental referrals and any other necessary statutory approvals with approving authorities. • Completion of Environmental Impact Statement (EIS) comprising field inspection, technical reports and final EIS document drafting. • Construction permits obtained (RMS, Utilities, Rail etc)
Completion of Stage 2 implementation proposal	Stage 2 implementation proposal	<p>Stage 2 implementation proposal for the respective measure including, but not limited to the following information:</p> <ul style="list-style-type: none"> • Confirmation of the submission of the respective measure to the Commonwealth for gateway assessment • Stage 2 cost estimate for the respective measure • Evidence to demonstrate resolution, or a strategy to resolve all post-Phase 2 assessment issues for the respective measure • Arrangements for the ongoing ownership and responsibility for the operations and

		<p>maintenance costs for the respective measure</p> <ul style="list-style-type: none"> • Confirmation that the measure has received all necessary statutory decisions.
<p>Completion of activities that progress achievement of subsequent milestones as outlined in the Stage 1 Activities Status Update</p>	<p>Progress Report</p>	<ul style="list-style-type: none"> • Details of activities undertaken in the current period [and associated costs] as outlined in reports provided under clause 8 a) and b). Relevant activities may include stakeholder consultation, investigations and assessments, procurement processes, engagement of contractors to undertake necessary work, payments to landholders and other external parties associated with securing easements for constraints measures.