

Schedule B

Stage 1 Funding for Victorian Supply Measures-Environmental Works Program

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 is agreed between the Commonwealth and Victoria and will expire on 30 June 2021, or on completion of agreed activities, including final performance reporting and processing of final payments against milestones.
3. The Commonwealth will provide an estimated total financial contribution to Victoria of up to \$29.0 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	4.5	11.5	13.0	0.0	29.0
Less estimated National Partnership Payments	4.5	11.5	13.0	0.0	29.0
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0

4. The Stage 1 activities or outputs to be delivered by Victoria are outlined below:
 - a) the Victorian Basin Plan Environmental Works Program delivery strategy for the implementation of nine environmental works supply measures, Belsar-Yungera, Burra Creek, Hattah Lakes North, Nyah, Lindsay Island, Vinifera, and Wallpolla Island Floodplain Management Projects and the Guttrum and Benwell State Forests and Gunbower National Park Floodplain Environmental Works Projects. This work includes:

- i. producing the Victorian Basin Plan Environmental Works Program delivery strategy document and establishing the program governance framework and program team;
 - ii. engaging specialist resources including service level agreements with the Mallee and North Central Catchment Management Authorities (CMA), Goulburn Murray Water (GMW), Lower Murray Water (LMW) and Parks Victoria (PV) and engaging engineering consultancy firm (s) as the Owner's Engineer;
 - iii. completing project management plans for the program of works;
 - iv. preparing draft native fish management plans for seven of the measures and a regional native fish discussion paper; and
 - v. producing a final consolidated business case for the nine measures.
 - b) Stage 1 activities for the nine environmental works supply measures including:
 - i. preparing concept, functional and detailed designs;
 - ii. lodging key environmental referrals and other heritage and planning statutory approvals with approving authorities; and
 - iii. producing Stage 2 implementation proposals for each measure including, but not limited to the following information:
 - a. confirmation of the submission of the measures to the Commonwealth for gateway assessment;
 - b. Stage 2 cost estimate for the measures;
 - c. evidence to demonstrate resolution, or a strategy to resolve all issues identified in the assessment of the business cases for the measures for the SDL adjustment mechanism and recorded in the Post-Phase 2 Issues Register;
 - d. arrangements for ongoing ownership and responsibility for operations and maintenance costs for the measures; and
 - e. confirmation that the measures have received all necessary statutory approvals.
5. In accordance with the Agreement, Victoria will provide reports on the progress of each output in accordance with the timing in Table 2. If a report referred to in Table 2 indicates that Victoria has not met the relevant milestone, Victoria 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 Victoria will include:
 - a) Stage 1 Activities Status Update outlining activities completed in the current period that progress achievement of subsequent milestones, including details of any costs incurred in completing the activities, consistent with clause 29 of the Agreement;
 - b) a project risk register update;

- c) a stakeholder consultation update; and
 - d) updates on resolution of the issues identified during the assessment of the business cases for the measures listed in clause 4 of this Schedule and reflected in the Post-Phase 2 Issues Register.
6. In accordance with clause 21 of the Agreement the milestones for activities, their relationship to the outputs, relevant reporting dates and the maximum expected payments to be made are set out in Table 2. The guideline on items to be addressed by Victoria in the delivery of milestones is at Appendix 1.

Table 2: Milestones, reporting and payment summary

Outputs	Milestones	Report Due	Payment (up to amount)
Victorian Basin Plan Environmental Works Program delivery strategy, governance and resources	Completion of Program Delivery Strategy, establishment of program governance and start-up team.	31 March 2019	\$4,500,000
	Completion of draft project plans and service level agreement template.		
	Concept designs confirmed and draft fish management plans completed for seven project sites and a regional native fish discussion paper.		
	Request for Tender (RFT) for owner's engineer finalised and ready for release to market and communications and stakeholder engagement strategy completed.		
	Engagement of specialist resources, finalisation of service level agreements and project plans, recruitment of full program team (for stage 1), communications and stakeholder engagement progress report and the completion of a final consolidated business case for the nine environmental works supply measures.	30 September 2019	\$2,000,000
Belsar-Yungera Floodplain Management Project	Completion of functional design reports	31 March 2020	\$1,500,000
	Completion of detailed design reports.	30 September 2020	\$3,000,000
Lodgement of key environmental referrals and other heritage and			

Outputs	Milestones	Report Due	Payment (up to amount)
	<p>planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>		
Burra Creek Floodplain Management Project	Completion of functional design reports	30 September 2020	\$400,000
	<p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>	31 March 2021	\$900,000
Gunbower National Park Floodplain Management Project	Completion of Concept Design for Gunbower	30 September 2019	\$750,000
	Completion of functional design reports	30 September 2020	\$400,000
	<p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>	31 March 2021	\$900,000
Guttrum and Benwell State Forests Floodplain Environmental Works Project	Completion of Concept Design for Guttrum and Benwell	30 September 2019	\$750,000
	Completion of functional design reports	31 March 2020	\$400,000
	<p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p>	30 September 2020	\$800,000

Outputs	Milestones	Report Due	Payment (up to amount)
	Completion of Stage 2 implementation proposal.		
Hattah Lakes North Floodplain Management Project	<p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>	30 September 2019	\$1,500,000
Lindsay Island Floodplain Management Project	<p>Completion of functional design reports</p> <p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>	31 March 2020	\$2,500,000
	<p>Completion of detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities.</p> <p>Completion of Stage 2 implementation proposal.</p>	30 September 2020	\$3,000,000
Nyah Floodplain Management Project	<p>Completion of functional and detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals (excluding those to be undertaken by the construction contractor).</p> <p>Completion of Stage 2 implementation proposal.</p>	31 March 2020	\$1,100,000
Vinifera Floodplain Management Project	<p>Completion of functional and detailed design reports.</p> <p>Lodgement of key environmental referrals and other heritage and planning statutory approvals.</p> <p>Completion of Stage 2 implementation proposal.</p>	31 March 2020	\$1,000,000

Outputs	Milestones	Report Due	Payment (up to amount)
Wallpolla Island Floodplain Management Project	Completion of functional design reports	30 September 2020	\$1,200,000
	Completion of detailed design reports.	31 March 2021	\$2,400,000
	Lodgement of key environmental referrals and other heritage and planning statutory approvals with approving authorities. Completion of Stage 2 implementation proposal.		

7. Funds will be paid for actual expenditure incurred for the achievement of project milestones. Payments may also include amounts for costs incurred on activities completed in the current period that progress achievement of subsequent milestones.
8. Expenditure on activities under this Schedule incurred by Victoria from 1 November 2018 to the date of the signing of this Schedule up to \$5 million will be eligible for consideration for payment under milestones in this Schedule.
9. 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 10 to 14 of this Schedule.
10. The Commonwealth may agree to requests from Victoria to transfer a residual amount, or part thereof, to a subsequent milestone in the work streams in this Schedule.
11. A request from Victoria 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.
12. The Commonwealth Minister may delegate the agreement of transfers of residual amounts within the same financial year to senior Commonwealth officials, having regard to the financial and policy risks associated with the transfers.
13. A request from Victoria 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.
14. Victoria 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.
15. The outputs in Table 2 are independent bodies of work. Milestones and associated payments in one output are independent of milestones and payments in other outputs. The non-completion of a milestone by its reporting date in a particular output will not prevent payment being made for a completed milestone in a different output.

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

21 March 2019
[Day] [Month] [Year]

Signed for and on behalf of the State of Victoria by



The Honourable Lisa Neville MP
Minister for Water

22 March 2019
[Day] [Month] [Year]

Appendix 1

Victorian Supply Measures- Environmental Works Program – Guideline on items to be addressed by Victoria in the delivery of Milestones

Victorian Basin Plan Environmental Works Program delivery strategy, governance and resources		
Milestones	Deliverable	Details of Deliverables
Completion of Program Delivery Strategy, establishment of program governance and start-up team.	Victorian Basin Plan Environmental Works Program (VBPEWP) Delivery Strategy	<ul style="list-style-type: none"> • VBPEWP Delivery Strategy document. • Post-phase 2 business case issues register update • Regulatory approvals strategy • Program issues and risk register • Monthly cashflow forecast
Completion of draft project plans and service level agreement template.	Establishment of program governance	<ul style="list-style-type: none"> • Program Control Group (PCG) terms of reference • List of PCG members • Program charter • Template program partner Service Level Agreements (SLAs)
Concept designs confirmed and draft fish management plans completed for seven project sites and a regional native fish discussion paper.	Program Director and Program Team resourcing	<ul style="list-style-type: none"> • Appointment of Interim Program Director • Resourcing of initial program skeleton team • Program Director position description • Program team resourcing plan • Owner’s engineer procurement strategy
Request for Tender (RFT) for owner’s engineer finalised and ready for release to market, communications and stakeholder engagement strategy completed.	Financial ring-fencing policy established	<ul style="list-style-type: none"> • Ring-fencing policy document • Program chart of accounts
	Service level agreements with agencies	<ul style="list-style-type: none"> • Specification and scope of works for Mallee CMA, North Central CMA, GMW, LMW and PV • Paper documenting the roles, responsibilities and membership of Stakeholder Reference Groups and Technical Advisory Groups
	Project plans	<ul style="list-style-type: none"> • Program Management Plan • Quality Management Plan • Safety Management Plan • Environmental Management Plan • Procurement Management Plan • Risk Management Plan and risk register • Stakeholder Engagement Plan and schedule • Cost and Schedule Management Plan

Victorian Basin Plan Environmental Works Program delivery strategy, governance and resources		
Milestones	Deliverable	Details of Deliverables
		<ul style="list-style-type: none"> • Finance Management Plan
	Owner's engineer RFT	RFT for engaging the Owner Engineer prepared and ready to release to the market.
	Confirmed Concept Designs and Draft native fish management plans	<ul style="list-style-type: none"> • Confirmed Concept design reports for seven of the nine project sites • Seven draft project native fish management plans • Draft regional native fish discussion paper
	Communications and stakeholder engagement	<ul style="list-style-type: none"> • Communications and engagement strategy • Evidence that stakeholder and Traditional Owner engagement has commenced • Program communications material - websites, fact sheets, social media
Engagement of specialist resources, finalisation of service level agreements and project plans, recruitment of full program team (for Stage 1), communications, stakeholder engagement progress report, and the completion of a final consolidated business case for the nine environmental works supply measures.	Owner's engineer engaged	Executed contract between Program and Owner's Engineer (s).
	Program team recruitment, communications and stakeholder engagement	<ul style="list-style-type: none"> • Position descriptions for key roles in Stage 1 team • Evidence that dedicated staff have been engaged to fill positions • Evidence that Program site office and associated IT equipment are in place • Establish Program systems and processes required for a major infrastructure program
	Final consolidated business case	Finalised consolidated business case document including: <ul style="list-style-type: none"> • updated cost estimate for all nine projects based on current design basis • integration arrangements • regulatory approvals strategy • program master schedule for program delivery to completion • updated risk and issues register • works procurement strategy

Stage 1 activities for nine environmental works supply measures: Belsar-Yungera, Burra Creek, Hattah Lakes North, Nyah, Lindsay Island, Vinifera, and Wallpolla Island Floodplain Management Projects and the Guttrum and Benwell State Forests and Gunbower National Park Floodplain environmental Works Projects		
Milestones	Deliverable	Details of Deliverables
Completion of concept designs	Concept designs reviewed and confirmed for the nine measures	<ul style="list-style-type: none"> • Concept designs reviewed and confirmed for Belsar-Yungera, Burra Creek, Hattah Lakes North, Nyah, Lindsay Island, Vinifera, and Wallpolla Island Floodplain Management Projects • Concept designs completed for the Gunbower National Park Floodplain Management Project • Concept designs completed for the Guttrum and Benwell State Forests Floodplain Environmental Works Project

Stage 1 activities for nine environmental works supply measures: Belsar-Yungera, Burra Creek, Hattah Lakes North, Nyah, Lindsay Island, Vinifera, and Wallpolla Island Floodplain Management Projects and the Guttrum and Benwell State Forests and Gunbower National Park Floodplain environmental Works Projects		
Milestones	Deliverable	Details of Deliverables
Completion of functional designs	Functional designs for each measure	Functional design reports for the respective measure comprising: <ul style="list-style-type: none"> • completed geotechnical investigations • finalised design criteria • finalised access arrangements • finalised mechanical-electrical equipment specification • draft operating regime • preliminary hydraulic design of assets • preliminary structural design of assets • preliminary construction cost estimate • issued for review (IFR) design drawing package
Completion of detailed design reports	Detailed designs for each measure	Detailed design reports for the respective measure comprising: <ul style="list-style-type: none"> • preliminary operating regime • final hydraulic design of assets • final structural design of assets • final construction cost estimate
Lodgement of key environmental referrals and other heritage and planning and statutory approvals with approving authorities.	Project - Environmental Referrals and any other necessary statutory approvals	Key environmental referrals and other heritage and planning statutory approvals for the respective measure lodged with approving authorities
Completion of Stage 2 implementation proposal	Stage 2 implementation proposal for each measure	Stage 2 implementation proposal for the respective measure including, but not limited to the following information: <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 ongoing ownership and responsibility for operations and maintenance costs for the respective measure • Confirmation that the measure has received all necessary statutory approvals