

Schedule C

Stage 1 Funding for the River Murray in South Australia Constraints Measure

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 South Australia and will expire on 30 December 2022, or on completion of the agreed measure, including final performance reporting and processing of final payments against milestones.
3. The Commonwealth will provide an estimated total financial contribution to South Australia of up to \$2.50 million in respect of this Schedule as shown in Table 1. All payments are GST exclusive.

Table 1: Estimated financial contributions

(\$ million)	2019-20	2020-21	2021-22	2022-23	Total
Estimated total budget	0.482	0.691	0.312	1.015	2.50
Less estimated National Partnership Payments	0.482	0.691	0.312	1.015	2.50
Balance of non-Commonwealth contributions	0.0	0.0	0.00		0.0

4. The remaining Stage 1 activities or outputs to be delivered by South Australia are outlined below:
 - a) Establishment of project governance and implementation arrangements. The activities to be delivered include:
 - i. Completion of Stage 2 implementation proposal including, but not limited to the following information:
 - i. Confirmation of the submission of the measure to the Commonwealth for gateway assessment;

- ii. Stage 2 cost estimate for the measure;
 - iii. Evidence to demonstrate resolution, or a strategy to resolve all post-Phase 2 assessment issues for the measure; and
 - iv. Arrangements for the ongoing ownership and responsibility for the operations and maintenance costs of the measure.
 - b) Preliminary concept designs for the South Australian Murray Key Focus Area Constraints Measure (South Australian Murray constraints measure). The activities to be delivered include:
 - i. Preliminary concept design reports.
 - c) Community engagement activities, including:
 - i. Community engagement summary report from round four of stakeholder consultation that will be conducted once every 6 months with a range of local communities, Indigenous groups, private businesses and public agencies; and
 - ii. Stakeholder agreements strategy to guide community engagement for detailed designs, construction of infrastructure works and negotiation of stakeholder agreements for the implementation of the measure under Stage 2.
- 5. In accordance with the Agreement, South Australia will provide reports on the progress of each output in Table 2. If a report referred to in Table 2 indicates that South Australia has not met the relevant milestone, South Australia 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 South Australia are also to 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; and
 - b) Updates on resolving the issues identified in the assessment of the South Australian Murray constraints measure business case for the SDL adjustment mechanism and reflected in the post-Phase 2 assessment issues register.
- 6. In accordance with clause 21 of the Agreement, the milestones for the measure, their relationship to the outputs, relevant reporting dates and the maximum expected payments to be made are set out in Table 2.

Table 2: South Australian Murray constraints measure outputs, milestones, reporting and payment summary

Outputs	Milestone Number	Milestone Deliverable	Report Due	Payment (Up to amount)
River Murray in South Australia Constraints Measure	5	Community engagement <ul style="list-style-type: none"> • Completion of stakeholder agreements strategy • Completion of community engagement summary report four 	30/6/2021	\$311,575
	6	Project governance and implementation arrangements <ul style="list-style-type: none"> • Completion of Stage 2 implementation proposal Preliminary concept designs <ul style="list-style-type: none"> • Completion of preliminary concept design reports 	30/06/2022	\$1,015,000

7. Funds will be paid against 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 South Australia from 1 July 2018 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 to meet any necessary costs for activities under the Schedule subject to clauses 10 to 14 of this Schedule.
10. The Commonwealth may agree to requests from South Australia to transfer a residual amount, or part thereof, to a subsequent milestone in this Schedule.
11. A request from South Australia 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 portfolio 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 South Australia 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. South Australia 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.

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 Keith Pitt MP

Minister for Resources and Water

11 / 11 / 21

[Day] [Month] [Year]

Signed for and on behalf of the State of South Australia by



The Honourable David Speirs MP

Minister for Environment and Water

02 / 12 / 2021

[Day] [Month] [Year]

Appendix A

Completed Milestones 1-4 components and financial expenditure to 31 December 2020 for South Australia Constraints Measures.

15. The Stage 1 activities or outputs completed by South Australia are outlined below:
- a) Establishment of project governance and implementation arrangements. The activities to be delivered include:
 - i. Establishment of project governance arrangements and project team; and
 - ii. Completion of a project plan to guide the delivery of Stage 1 activities and outputs.
 - b) Preliminary concept designs for the South Australian Murray Key Focus Area Constraints Measure (South Australian Murray constraints measure). The activities to be delivered include:
 - i. Inundation assessment;
 - ii. State policy and legislation position paper to guide implementation of mitigation measures for private and public land, infrastructure works and stakeholder agreements; and
 - iii. Summary of statutory approvals processes that need to be obtained to implement the measure.
 - c) Community engagement activities, including:
 - i. Communications and community engagement strategy to guide engagement with a range of local communities, Indigenous groups, private businesses and public agencies to verify potential impacts, confirm preferred mitigation measures and refine mitigation costs; and
 - ii. Community engagement summary reports from rounds one, two and three of stakeholder consultation that will be conducted once every 6 months with a range of local communities, Indigenous groups, private businesses and public agencies.

Table 3. Milestone components achieved per milestone period to 31 December 2020

Outputs	Milestone Number	Milestone Component	Report Submitted
River Murray in South Australia Constraints Measure	1	Establishment of project governance arrangements and project team. Completion of project plan.	29/10/2019
	2	Completion of Stage 1 Activities Status Report one. Completion of inundation assessment. Completion of communications and community engagement strategy. Completion of community engagement summary report one.	19/02/2020

Outputs	Milestone Number	Milestone Component	Report Submitted
	3	Completion of Stage 1 Activities Status Report two. Completion of state policy and legislation position paper. Completion of community engagement summary report two.	01/10/2020
	4	Completion of Stage 1 Activities Status Report three. Completion of summary of statutory approvals processes. Completion of community engagement summary report three.	19/02/2020

Table 4: Financial Expenditure claimed and status of residual funds per Milestone to 31 December 2020

Milestone	Milestone Period	Milestone Payment (up to amount)	South Australia's Actual Expenditure	Actual Payment Made	Residual Funding	Were unspent funds rolled forward to future milestones?
Milestone 1	1/7/2018 to 30/6/2019	\$160,000	\$159,127	\$159,127	\$873	No
Milestone 2	1/7/2019 to 31/12/2019	\$435,000	\$322,909	\$322,909	\$112,091	No
Milestone 3	1/01/2020 to 30/06/2020	\$335,000	\$345,960	\$335,000	\$0	No
Milestone 4	1/7/2020 to 31/12/2020	\$585,000	\$345,055	\$356,015	\$228,985	Yes. \$341,949 to be used for Milestone 6
Total to date		\$1,515,000	\$1,173,051	\$1,173,051	\$341,949	