

Schedule E

Stage 1 Funding for Victorian Constraints Measures 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 September 2022, 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 \$8.255 million in respect of this Schedule as shown in Table 1. All payments are GST exclusive.

Table 1: Estimated financial contributions

(\$ million)	2020-21	2021-22	2022-23	Total
Estimated total budget	0.995	5.633	1.627	8.255
Less estimated National Partnership Payments	0.995	5.633	1.627	8.255
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0

4. Victoria will deliver Stage 1 activities under the Victorian Constraints Measures Program (CMP) through three stages: Stage 1A, Stage 1B and Stage 1C. Stage 1A is a community co-design process which will develop the community engagement and negotiation framework; involve Traditional Owner engagement opportunities; consider and guide key technical work and policy to achieve the necessary authorising environment to deliver Stage 1B. If Victoria and the Commonwealth agreed to proceed with further Stages, in Stage 1B the CMP will engage with all affected Victorian landholders, confirm impacts, discuss possible mitigation activities and seek in-principle agreements. Concept work designs and draft regulatory approvals will also be prepared. In Stage 1C, the CMP will finalise detailed work designs and complete the regulatory approvals process.

5. The Commonwealth's total financial contribution includes funding of up to \$8.255 million for Stage 1A. The outcomes of stage 1A will inform the costings and delivery for the latter Stages. Funding for Stage 1B and subsequently 1C activities will be made available to Victoria subject to the Commonwealth's consideration of a report on the outcomes of a formal review to be undertaken by Victoria at the end of Stage 1A and then again at the end of Stage 1B. The formal review will consider progress made under Stage 1A, including the outcomes of a community co-design process, and under Stage 1B.
6. The Stage 1 activities to be undertaken by Victoria in respect of this schedule will be delivered across three measures: the Goulburn constraints measure, the Victorian component of the Hume to Yarrowonga constraints measure, and the Victorian component of the Yarrowonga to Wakool constraints measure.
7. The Stage 1A activities to be delivered by Victoria include:
 - a) Establishment of program management and governance frameworks, including a Consultative Committee;
 - b) Completion of a community co-design process;
 - c) Undertaking Traditional Owner engagement activities;
 - d) Resolving strategic policy, deliverability and operational issues;
 - e) Undertaking technical investigations including surveys, hydrological and hydraulic modelling, inundation mapping and environmental benefits assessment;
 - f) Development of design standards and specifications for mitigation works, and frameworks for selecting mitigation actions and assessing compensation;
 - g) Installation and commissioning of hydrometric equipment; and
 - h) Stage 1A formal review report.
8. In accordance with the Agreement, Victoria will provide reports on the progress of the outputs 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; and
 - b) Updates on the resolution of issues identified during the assessment of the business cases for the measures listed in clause 5 of this Schedule and reflected in the Post-Phase 2 Issues Register.
9. 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.

Table 2: Milestones, reporting and payment summary

Outputs	Milestone Reporting Period No.	Milestones	Reporting Period Ending	Payment (up to amount)
Stage 1A				
	1	<p>Establishment of Stage 1A program management arrangements</p> <ul style="list-style-type: none"> • project schedule • project plan • appointment of Project Director and team <p>Establishment of Stage 1A governance frameworks, including a community consultative committee</p> <ul style="list-style-type: none"> • master plan and schedule for community consultation and stakeholder engagement <p>Program design activities including:</p> <ul style="list-style-type: none"> • a Stage 1 co-design engagement framework • preliminary technical review of asset management considerations • requirements for a regulatory approvals strategy described • Victoria's preferred climate change modelling specification for future MDBA modelling 	31 March 2021	\$622,000
	2	<p>Development of a community co-design strategy</p> <p>Completion of procurement strategy</p> <p>Completion of a cultural benefits report</p> <p>Completion of Victorian Constraints Consultative Committee interim report</p>	30 September 2021	\$1,490,000
	3	<p>Hydrometric network installation completed and operational</p> <p>Legal, policy and technical implementation advice sought</p> <ul style="list-style-type: none"> • Mitigation works design standards completed 	31 March 2022	\$2,665,000

	4	<p>Completion of mitigation works and easements compensation framework</p> <ul style="list-style-type: none"> operational guidelines for impacts assessment and determining mitigation measures easement compensation valuation framework <p>Completion of Victorian Constraints Consultative Committee final report</p> <p>Completion of Stage 1A formal review report</p> <ul style="list-style-type: none"> outcomes of community co-design process recommended engagement framework, compensation framework and CMP delivery approach agreed design standards for on-farm and public works details of level of community support for Victorian CMP <p>local environmental and social benefits arising from Victorian CMP</p>	30 September 2022	\$1,627,000
B) Victorian CMP: Goulburn constraints measure	1	Completion of procurement for: bathymetric, topographic and structure survey; hydrological modelling; and hydraulic modelling for Goulburn Key Focus Area	31 March 2021	\$273,000
	2	<p>Bathymetric, topographic and structure survey completed for Goulburn Key Focus Area</p> <p>Completion of hydrological and hydraulic modelling for Goulburn Key Focus Area</p> <ul style="list-style-type: none"> review reports on adequacy of existing hydrological and hydraulic models reports on updated hydrological and hydraulic models <p>Flood inundation mapping completed for Goulburn Key Focus Area</p>	30 September 2021	\$773,000
	3	Environmental flow and benefits assessment completed for Goulburn Key Focus Area	31 March 2022	\$290,000

C) Victorian CMP: Hume to Yarrowonga constraints measure	1	Completion of procurement for bathymetric, topographic and structure survey; hydrological modelling; and hydraulic modelling for Hume to Yarrowonga Key Focus Area	31 March 2021	\$70,000
	2	Bathymetric, topographic and structure survey completed for Hume to Yarrowonga Key Focus Area Completion of hydrological and hydraulic modelling for Hume to Yarrowonga Key Focus Area <ul style="list-style-type: none"> • review reports on adequacy of existing hydrological and hydraulic models • reports on updated hydrological and hydraulic models Flood inundation mapping completed for Hume to Yarrowonga Key Focus Area	30 September 2021	\$220,000
	3	Environmental flow and benefits assessment completed for Hume to Yarrowonga Key Focus Area	31 March 2022	\$71,000
D) Victorian CMP: Yarrowonga to Wakool constraints measure	1	Completion of procurement for bathymetric, topographic and structure survey; hydrological modelling; and hydraulic modelling for Yarrowonga to Wakool Key Focus Area	31 March 2021	\$30,000
	2	Bathymetric, topographic and structure survey completed for Yarrowonga to Wakool Key Focus Area Completion of hydrological and hydraulic modelling for Yarrowonga to Wakool Key Focus Area <ul style="list-style-type: none"> • review reports on adequacy of existing hydrological and hydraulic models • reports on updated hydrological and hydraulic models Flood inundation mapping completed for Yarrowonga to Wakool Key Focus Area	30 September 2021	\$94,000
	3	Environmental flow and benefits assessment completed for Yarrowonga to Wakool Key Focus Area	31 March 2022	\$30,000

Table 3: Milestone period payment summary

Milestone Reporting Period No.	Milestone Reporting Period Due Date	Total Milestone Period Payment Amount
1	31 March 2021	\$995,000
2	30 September 2021	\$2,577,000
3	31 March 2022	\$3,056,000
4	30 September 2022	\$1,627,000
Total		\$8,255,000

10. 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.
11. Expenditure on activities under this Schedule incurred by Victoria from 1 January 2019 to the date of the signing of the Schedule and agreed to by the Commonwealth will be eligible for payment under milestone 1 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 clauses 13 to 17 of this Schedule.
13. The Commonwealth may agree to requests from Victoria to transfer a residual amount, or part thereof, to a subsequent milestone in this Schedule.
14. 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.
15. 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.
16. 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.
17. 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.
18. 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 Keith Pitt MP
Minister for Resources, Water and Northern Australia

13/5/21
[Day] [Month] [Year]

Signed for and on behalf of the State of Victoria by

The Honourable Lisa Neville MP
Minister for Water

[Day] [Month] [Year]



The Honourable Richard Wynne MP
Acting Minister for Water

18/4/2021