

Accelerated funding: New South Wales supply and constraints projects (Amended)

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule	
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 31 December 2026, 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"> 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. 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>). 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 31 December 2026. 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 accordance with the agreed target dates and payment amount, with no further payments made under Schedule A. 5. The supply and constraints measures included in this Schedule are: <ol style="list-style-type: none"> a. Koondrook-Perricoota Flow Enabling Works (part of the Yarrawonga to Wakool constraints) b. Mid-Murray Anabranches Constraints Demonstration Reach (part of the Yarrawonga to Wakool constraints) c. Sustainable Diversion Limits offsets in the Lower Murray: Locks 8 and 9 project

	<p>d. Modernising Supply Systems for Effluent Creeks Project (Yanco Creek Modernisation Project)</p> <p>e. Murrumbidgee and Murray National Park Project</p>																												
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to NSW of up to \$446.2 million as per the Estimated Total Financial Contribution in Table 1. All payments are GST exclusive.</p> <table border="1"> <thead> <tr> <th>Table 1 (\$ million)</th> <th>Prior Years</th> <th>2023-24</th> <th>2024-25</th> <th>2025-26</th> <th>2026-27</th> <th>Total*</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>121.2</td> <td>121.0</td> <td>108.7</td> <td>72.2</td> <td>23.0</td> <td>446.2</td> </tr> <tr> <td>Less estimated Commonwealth Payments</td> <td>121.2</td> <td>121.0</td> <td>108.7</td> <td>72.2</td> <td>23.0</td> <td>446.2</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p><i>*Table 1 total might vary to allow for minor rounding</i></p>	Table 1 (\$ million)	Prior Years	2023-24	2024-25	2025-26	2026-27	Total*	Estimated total budget	121.2	121.0	108.7	72.2	23.0	446.2	Less estimated Commonwealth Payments	121.2	121.0	108.7	72.2	23.0	446.2	Balance of non-Commonwealth contributions	0	0	0	0	0	0
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Additional terms	<p>Basin Plan and SDLAM project delivery</p> <p>Acceleration projects are being delivered to achieve the greatest contribution towards the 605 GL offset that is possible by 31 December 2026. 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>The Australian Government passed amendments to the <i>Water Act 2007</i> and the Basin Plan 2012 on 30 November 2023. The changes provide more time and money to Basin states to deliver supply and constraints projects, such as the ones in this Schedule. This is in exchange for states agreeing to meet additional accountabilities and assurances that the projects will be delivered on time and on budget.</p> <p>NSW acknowledges the projects in this schedule will be subject to additional reporting requirements, including for the Commonwealth Minister to table annual progress reports relating to water recovery targets (450GL target; the “bridging the gap” target, and projects relating to adjustment of the SDL (the 605 GL target)). These reports will be informed by an independent assessment of these projects, including the projects covered by this Schedule. NSW agrees to cooperate with the Commonwealth to fulfil these reporting requirements.</p> <p>To assist to improve the Commonwealth’s visibility of the cost and time required to deliver these projects by 31 December 2026, NSW agrees to provide the Commonwealth written advice on the cost and time outcomes of procurement packages associated with the project within 20 business days of recommending a preferred tenderer to the NSW delegate. The advice should include the pre-tender</p>																												

	<p>estimate of cost and practical completion date for the package, and the preferred tenderer's proposed cost and practical completion date for the package.</p> <p>The Commonwealth will be required to respond to NSW in writing within 10 business days of receipt of NSW's advice to confirm it has no concerns with NSW proceeding to contract award for the packages.</p> <p>Funding 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 contribution, the Parties agree that the final payment will be reduced to meet the total actual expenditure incurred on the activities.</p> <p>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.</p> <p>Milestone Achievement The milestones in Tables 2-6 have been developed at a program level for administrative simplicity. NSW has developed schedules for practical completion of each project, Attachment A. NSW will report project progress against these schedules at each milestone. In accordance with this agreement, NSW will provide evidence on the achievement of each Milestone in accordance with Tables 2-6 and Attachment A.</p> <p>Evidence will include, but is not limited to:</p> <ul style="list-style-type: none"> • Project Management Suite of documents including but not be limited to: <ul style="list-style-type: none"> ○ Project Execution Plan ○ Community and Stakeholder Management Plan ○ Schedule, estimates and forecasts, risk registers ○ Quarterly project updates including financial expenditure summary ○ Project closure reports when applicable. <p>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.</p>
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Table 2: Project 1 Koondrook-Perricoota Flow Enabling Works – Performance requirements, reporting and payment summary			
Project Phase	Performance milestones	Milestone due date	Payment (up to)
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> • Project Management suite of documents 	Within 10 business days of signing this Schedule	\$2.456m (paid)
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> • Concept Design Phase Basis of Design report— initial issue • Planning approvals pathway document — initial issue • Progress report on community and stakeholder engagement 	1/11/2021	\$6.141m (paid)
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> • Construction commenced in accordance with project management documentation • Progress report on community and stakeholder engagement 	1/11/2022	\$10.746m (paid)
Procurement – Stage 2	Milestone 4 <ul style="list-style-type: none"> • Final Detailed Designs <ul style="list-style-type: none"> ▪ Shear Paddock construction tender released ▪ Barber’s Procurement Strategy approved ▪ Regulators Procurement Strategy approved ▪ Progress Report on community and stakeholder engagement 	30/03/2024	\$10m

Construction Update	<p>Milestone 5</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2025	\$5.5m
Construction Update	<p>Milestone 6</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2026	\$5.5m
Construction Complete	<p>Milestone 7</p> <ul style="list-style-type: none"> • Practical Completion achieved: <ul style="list-style-type: none"> ▪ Construction works have reached practical completion ▪ Commissioning and Handover are scheduled 	31/12/2026	\$2.36m
Total			\$42.703m

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

Output	Performance milestones	Milestone due date	Payment (up to)
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> • Project Management suite of documents 	Within 10 business days of signing this Schedule	\$4.914m (paid)
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> • Concept Design Phase Basis of Design report— initial issue • Planning approvals pathway document — initial issue • Progress report on community and stakeholder engagement 	1/11/2021	\$12.285m (paid)
Procurement	Milestone 3 <ul style="list-style-type: none"> • Tuppal Request For Tender issued • Bullatale Procurement Strategy Approved • Progress report on community and stakeholder engagement 	30/03/2024	\$27.4m
Construction Update	Milestone 4 <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2025	\$16.4m

Construction Update	<p>Milestone 5</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2026	\$16.4m
Construction Complete	<p>Milestone 6</p> <ul style="list-style-type: none"> • Practical Completion achieved: <ul style="list-style-type: none"> ▪ Construction works have reached practical completion ▪ Commissioning and Handover are scheduled 	31/12/2026	\$4.026m
Total			\$81.425m

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

Output	Performance milestones	Milestone due date	Payment (up to)
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> • Project Management suite of documents 	Within 10 business days of signing this Schedule	\$2.359m (paid)
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> • Concept Design Phase Basis of Design report— initial issue. • Planning approvals pathway document — initial issue • Progress report on community and stakeholder engagement. 	1/11/2021	\$12.949m (paid)
Delivery commenced	Milestone 3 <ul style="list-style-type: none"> • Construction commenced in accordance with project management documentation. • Progress report on community and stakeholder engagement. 	1/11/2022	\$22.661m (paid)
Procurement & Construction Update	Milestone 4 <ul style="list-style-type: none"> • Procurement: <ul style="list-style-type: none"> ◦ Lake Victoria Inlet Regulator – Delivery Deed approved for release • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> • Summary of Works and progress towards Practical Completion • Contractor Payment Summary • Construction Schedule update • Construction cost plan update • Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2024	\$22.6m

Construction Update	<p>Milestone 5</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2025	\$13.3m
Construction Update	<p>Milestone 6</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion. ▪ Contractor Payment Summary. ▪ Construction Schedule update. ▪ Construction cost plan update. ▪ Forecast of cost and time to complete project. • Progress report on community and stakeholder engagement. 	30/03/2026	\$13.3m
Construction Complete	<p>Milestone 7</p> <ul style="list-style-type: none"> • Practical Completion achieved: <ul style="list-style-type: none"> ▪ Construction works have reached practical completion. ▪ Commissioning and handover are scheduled 	31/12/2026	\$4.756m
Total			\$91.925m

Table 5: Project 4 Modernising supply systems for effluent creeks (Yanco Modernisation) – Performance requirements, reporting and payment summary			
Output	Performance milestones	Milestone due date	Payment (up to)
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> Project Management suite of documents 	Within 10 business days of signing this Schedule	\$6.391m (paid)
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> Concept Design Phase Basis of Design report—initial issue. Planning approvals pathway document – initial issue Progress report on community and stakeholder engagement. 	1/11/2021	\$21.221m (paid)
Procurement	Milestone 3 <ul style="list-style-type: none"> Procurement Strategy Parts 3,4 &5 Approved Final Detailed Design parts 3, 4 and 5 Progress report on community and stakeholder engagement. 	30/03/2024	\$31m
Procurement & Construction Update	Milestone 4 <ul style="list-style-type: none"> Procurement Strategy parts 1 & 2 Approved Part 2 Tender released to market Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> Summary of Works and progress towards Practical Completion Contractor Payment Summary Construction Schedule update Construction cost plan update Forecast of cost and time to complete project <ul style="list-style-type: none"> Progress report on community and stakeholder engagement. 	30/03/2025	\$51m

Construction Update	<p>Milestone 5</p> <p>Construction Lifecycle Report detailing progress on construction including:</p> <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project <ul style="list-style-type: none"> • Progress report on community and stakeholder engagement. 	30/03/2026	24.5m
Construction Complete	<p>Milestone 6</p> <ul style="list-style-type: none"> • Practical Completion achieved: <ul style="list-style-type: none"> ▪ Construction works have reached practical completion ▪ Commissioning and handover are scheduled 	31/12/2026	\$7.894
Total			\$142.006m

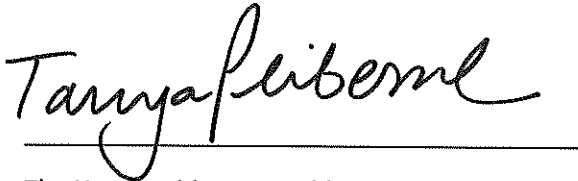
Table 6: Project 5 Murrumbidgee and Murray National Park— Performance requirements, reporting and			
Output	Performance milestones	Milestone due date	Payment (up to)
Strategic assessment	Milestone 1 <ul style="list-style-type: none"> • Project Management suite of documents 	Within 10 business days of signing this Schedule	\$4.087m (paid)
Concept design and delivery readiness	Milestone 2 <ul style="list-style-type: none"> • Concept Design Phase Basis of Design report — initial issue. • Planning approvals pathway document — initial issue • Progress report on community and stakeholder engagement. 	1/11/2021	\$15.003m (paid)
Procurement	Milestone 3 <ul style="list-style-type: none"> • Yanga Procurement Strategy Approved • Millewa Procurement Strategy Approved • Progress report on community and stakeholder engagement. 	30/03/2024	\$30m
Construction Update	Milestone 4 <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2025	\$22.5m

Construction Update	<p>Milestone 5</p> <ul style="list-style-type: none"> • Construction Lifecycle Report detailing progress on construction including: <ul style="list-style-type: none"> ▪ Summary of Works and progress towards Practical Completion ▪ Contractor Payment Summary ▪ Construction Schedule update ▪ Construction cost plan update ▪ Forecast of cost and time to complete project • Progress report on community and stakeholder engagement. 	30/03/2026	\$12.5m
Construction Complete	<p>Milestone 6</p> <p>Practical Completion achieved:</p> <ul style="list-style-type: none"> • Construction works have reached practical completion • Commissioning and Handover are scheduled 	31/12/2026	\$4.011m
Total			\$88.101m

SIGN OFF

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

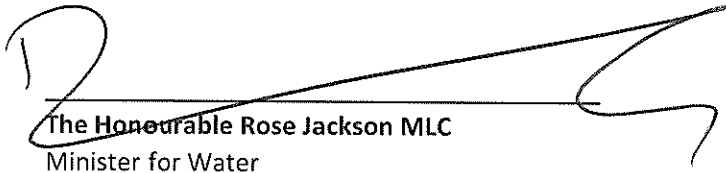
Signed for and on behalf of the Commonwealth of Australia by

A handwritten signature in black ink, appearing to read 'Tanya Plibersek', written over a horizontal line.

The Honourable Tanya Plibersek MP
Minister for the Environment and Water

7.12.23

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

A handwritten signature in black ink, appearing to read 'Rose Jackson', written over a horizontal line.

The Honourable Rose Jackson MLC
Minister for Water

Attachment A – SDLAM Accelerated Program Project Schedules – November 2023

Note: The project schedules set out below were developed in November 2023

Project	Estimated Practical Completion date
Project 1 Koondrook-Perricoota Flow Enabling Work	June 2026
Project 2 Mid-Murray Anabranches Constraints Demonstration Reach	December 2026
Project 3 SDL offset in the Lower Murray Locks 8 and 9	June 2026
Project 4 Modernising supply systems for effluent creeks (Yanco Modernisation)	December 2026
Project 5 Murrumbidgee and Murray National Park - Yanga National Park - Millewa	October 2026 (Yanga National Park) December 2026 (Millewa)