

Schedule A

Stage 1 Funding for New South Wales Supply and Constraints Measures (Amendment 3)

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 New South Wales (NSW) and will expire on 31 December 2023, or on completion of agreed measures, including final performance reporting and processing of final payments against milestones.
3. This amended schedule:
 - a) adds additional milestones for the NSW Reconnecting River Country program to progress policy and regulatory issues, river modelling and stakeholder engagement for program implementation,
 - b) revises milestones for Menindee Lakes Water Savings Project and the Murrumbidgee Yanco Creek offtake project
 - c) removes projects and funding that are now being funded under the schedule "Accelerated funding: New South Wales supply and constraints projects".
4. The Commonwealth will provide an estimated total financial contribution to NSW of up to \$72.35 million. In respect of this Schedule, Table 1 reflects financial contributions for Stage 1 activities. All payments are GST exclusive.

Table 1: Estimated Commonwealth financial contributions to Stage 1 activities

(\$ million)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Estimated total budget	2.25	8.80	7.45	26.14	21.96	5.75	72.35
Less estimated National Partnership Payments	2.25	8.80	7.45	26.14	21.96	5.75	72.35
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5. The supply and constraints measures being funded in this Schedule are:
 - 5.1 Menindee Lakes Water Savings – Supply (S)
 - 5.2 Murrumbidgee River – Improved Flow Management Works at Yanco Creek Offtake – (S)
 - 5.3 Constraints – Hume to Yarrawonga (H2Y)
 - 5.4 Constraints – Yarrawonga to Wakool (Y2W)
 - 5.5 Constraints – Murrumbidgee (MBG)
 - 5.6 Constraints – Lower Darling
6. The following measures were funded in this schedule up to milestone 5. They are now funded under the Schedule “Accelerated funding: New South Wales supply and constraints projects”.
 - 5.1 Locks 8 & 9 – (S)
 - 5.2 Murrumbidgee River – (Yanco) Modernising Supply Systems for Effluent Creeks – (S)
 - 5.3 Murrumbidgee National Parks Project (Yanga) – (S)
 - 5.4 Murray Valley National Parks Project (Millewa) – (S)
7. Appendix A contains information on milestones and payments made to projects under earlier versions of this Schedule.
8. The Stage 1 activities or outputs to be delivered by NSW for the remaining six project workstreams are outlined below and detailed in *NSW Government Business Case Guidelines (TPP18-06)*:
 - a) Completion of Stage (1a) requirements of Infrastructure NSW (INSW) Strategic Business Case (Gate 1) inclusive of:
 - I. Case for Change
 - i. Needs established and well defined: Hydrological and hydraulic modelling, service need and gap analysis report
 - ii. Stakeholder Management: Stakeholder analysis and engagement plan including where required the proposed arrangements for negotiating agreements and mitigation measures with affected landowners (Landowner Negotiation Framework and Impact Management Toolbox)
 - II. Cost Benefit Analysis
 - i. Qualitative options assessment. Evaluation framework applied and short-listed options identified
 - ii. Preliminary Cost-Benefit Analysis with Benefit-Cost Ratio (BCR) and Net Present Value (NPV) on short listed options
 - iii. Financial Impact statement (if required)
 - iv. Governance Plan Asset owners impacts assessment (O&M)
 - v. Preliminary procurement strategy: Identification of delivery options and preferred model.
 - vi. Risk and Opportunities register
 - b) Completion of Stage (1a) requirements of INSW Gate (2) Final Business Case and inclusive of:
 - I. Case for Change
 - i. Confirmation of key stakeholder support: Includes progression of landowner agreements where applicable.

- ii. Confirmation of Needs analysis: including review of modelling outcomes.
 - iii. Planning approval pathway report. Identification of State and Federal planning approval requirements.
 - iv. Preferred flow option, including the likely frequency, timing and duration for the Constraints projects
 - v. Preferred mitigation measures for the preferred option including detailed costings
 - II. Cost Benefit Analysis
 - i. Refined design(s) on short listed options including risk and issues, detailed costing.
 - ii. Financial and Economic analysis (detailed Benefit Cost Analysis [BCA] Net Present Cost/Value [NPC/V], Benefit-Cost Ratio [BCR])
 - iii. Options assessment & preferred option identified: Multi criteria analysis.
 - iv. Preferred flow option, including the likely frequency, timing and duration for the Constraints projects
 - v. Preferred mitigation measures for the preferred option including detailed costings
 - III. Commercial Analysis
 - i. Detailed procurement strategy identifying preferred delivery model.
 - ii. Preferred option technical description.
 - iii. Contract type and management arrangements.
 - IV. Management Analysis
 - i. Benefits realisation framework: will include proposed metrics to measure and monitor project implementation against key objectives.
 - ii. Governance plan: Including project roles, responsibilities, accountability and project org structure.
 - iii. Funding plan for Stage 2: Detailed schedule, resourcing, and cost plan and reporting framework.
 - iv. Project management strategy and framework.
 - v. Detailed risk and issues management plan.
 - vi. Project evaluation plan.
 - vii. Change management plan.
 - viii. Stakeholder engagement plan.
 - ix. Detailed Asset owners impacts assessment (ongoing mgt/operations).
- c) For each milestone review period, a qualitative progress report toward the required outputs will be provided. Progress Reports will include are not limited to:
 - i. Progress of individual projects through the INSW Gateway approval process as outlined in clauses 6(a) and 6(b);
 - ii. Stakeholder engagement and consultation outcomes;
 - iii. Resolution of post-Phase 2 assessment issues for respective measure;
 - iv. Completion of activities that progress achievement of subsequent milestones;
 - v. Program and projects financial expenditure statements.
- 9. In accordance with the Agreement, NSW will provide reports on the progress of each output in accordance with the timing set out in Tables 2-7. If a report referred to in the Tables indicates

that NSW has not met the relevant milestone, NSW may submit a later report demonstrating that the relevant milestone has been met.

10. In accordance with the Agreement, the milestones for each project, their relationship to the outputs, relevant reporting dates and the maximum expected payments to be made up to, are set out in Tables 2 to 7.
11. Funds will be paid against actual expenditure incurred for the achievement of the project milestones in each project work stream.
12. 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.
13. 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 14 to 18 of this Schedule.
14. The Commonwealth may agree to requests from NSW to transfer a residual amount, or part thereof, to a subsequent milestone in any of the project work streams in this Schedule.
15. 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.
16. 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.
17. 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.
18. 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.
19. The projects in this Schedule are independent bodies of work. Milestones and associated payments in one project work stream are independent of milestones and payments in other project work streams.
 - a) The non-completion of a milestone by its reporting date in a particular project work stream will not prevent payment being made for a completed milestone in a different project work stream.

Table (2) Menindee Lakes Water Savings Project Milestones and reporting details

Project	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Menindee Lakes WS	5	Stage 1a - Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Option development and Option Shortlisting Report	Paid December 2021	\$2,416,342
Menindee Lakes WS	6	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Strategic Business Case (INSW Gateway 1 documents)	Paid September 2022	\$1,248,764
Menindee Lakes WS	7	Stage 1a Final Business Case (detailed investigation)	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Commonwealth acceptance of a Workplan detailing the work required to determine the benefit to the Basin Plan's SDL adjustment mechanism of releases of high flows from the Menindee Lakes (Menindee Flood Flow Works).	30 November 2022	\$300,000

Schedule A - Project Agreement for Stage 1 Funding for SDL Adjustment Supply and Constraints Measures in the Murray-Darling Basin

Project	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Menindee Lakes WS	8	Stage 1a Final Business Case (detailed investigation)	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Commonwealth acceptance of a report on the draft parameters for modelling the benefits to the SDL adjustment mechanism of releases of high flows from the Menindee Lakes and an update to the workplan</p>	28 February 2023	\$450,000
Menindee Lakes WS	9	Stage 1a Final Business Case (detailed investigation)	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Commonwealth acceptance of a report containing detailed cost estimates and proposed benefits to the Basin Plan's SDL adjustment mechanism of releases of high flows from the Menindee Lakes</p>	31 October 2023	\$750,000
Menindee Lakes WS	TOTAL				\$5,165,106

* Completed milestones

Table (3) Murrumbidgee River - Improved Flow Management Works at the Yanco Creek Offtake Milestones and reporting details

Project	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Yanco Offtake	5	Stage 1a - Strategic Business Case	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Option development and Option Shortlisting Report</p>	Paid December 2021	\$827,141
Yanco Offtake	6	Stage 1a- Strategic Business Case	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Strategic Business Case (INSW Gateway 1 documents)</p>	Paid September 2022	\$804,032
Yanco Offtake	7	Stage 1a Final Business Case (detailed investigation)	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Commonwealth acceptance of a Workplan detailing the work required to determine the benefit to the SDL Adjustment Mechanism of the rescope Yanco Offtake Project.</p>	30 November 2022	\$200,000
Yanco Offtake	8	Stage 1a Final Business Case (detailed investigation)	<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable</u>: Commonwealth acceptance of report on draft parameters for modelling the benefits to the SDL Adjustment Mechanism of the rescope Yanco Offtake Project and update to the workplan.</p>	28 February 2023	\$300,000

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Project	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Yanco Offtake	9	Stage 1a Final Business Case (detailed investigation)	Progress Report on Stage 1 Activities consistent with requirements under CI 8. Lifecycle Deliverable: Commonwealth acceptance of report a report containing detailed cost estimates and proposed benefits to the SDL adjustment mechanism of the rescope Yanco Offtake Project.	31 October 2023	\$500,000
Yanco Offtake	TOTAL				\$2,631,173

* Completed milestones

Table (4) Constraints – Hume to Yarrawonga (H2Y) Milestones and reporting details

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
H2Y Constraints	5	Stage 1a – Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable:</u> Option Identification Report	Paid December 2021	\$1,105,412
H2Y Constraints	6	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable:</u> Option Assessment Report	Paid September 2022 [^]	\$1,316,871
H2Y Constraints	7	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable:</u> Option Shortlisting Report	30 April 2022 [^]	\$1,947,630
H2Y Constraints	8	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable:</u> Strategic Business Case (INSW Gateway 1 documents)	1 August 2022	\$1,322,648

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
H2Y Constraints	9	Stage 1a – Final Business Case	<p>Progress Report on Stage 1 Activities consistent with requirements under Cl 8.</p> <p><u>Lifecycle Deliverable:</u></p> <ul style="list-style-type: none"> Release of a report on outcomes from the discussion paper on the Landholder Negotiation Framework (LNF) for the NSW constraints program and Commonwealth acceptance of evidence of progress with the LNF draft regulation under NSW <i>Water Management Act 2000</i> and draft Regulatory Impact Statement 	28 February 2023	\$1,000,000
H2Y Constraints	10	Stage 1a – Final Business Case	<p>Progress Report on Stage 1 Activities consistent with requirements under Cl 8.</p> <p><u>Lifecycle Deliverable:</u></p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> The delivery of a policy framework for managing the impacts of the NSW constraints program on affected landholders (Impact Management Toolbox), The delivery of a detailed stakeholder map for the Murray River system Evidence of progress with the Landholder Negotiation Framework Regulation 	31 October 2023	\$1,000,000

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Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
H2Y Constraints	TOTAL				\$7,692,561

* Completed milestones

^ Milestone accrued in the 2021-22 budget

Table (5) Constraints – Yarrawonga to Wakool (Y2W) Milestones and reporting details

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Y2W Constraints	5	Stage 1a - Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Option Identification Report	Paid December 2021	\$1,675,873
Y2W Constraints	6	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Option Assessment Report	Paid September 2022 [^]	\$1,678,675
Y2W Constraints	7	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Option Shortlisting Report	30 April 2022 [^]	\$3,638,856
Y2W Constraints	8	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> : Strategic Business Case (INSW Gateway 1 documents)	1 August 2022	\$2,660,510
Y2W Constraints	9	Stage 1a – Final Business Case	Progress Report on Stage 1 Activities consistent with requirements under Cl 8. <u>Lifecycle Deliverable</u> :	28 February 2023	\$2,750,000

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
			<ul style="list-style-type: none"> Release of a report on outcomes from the Discussion Paper on the Landholder Negotiation Framework (LNF) for the NSW constraints program and Commonwealth acceptance of evidence of progress with the LNF draft regulation under NSW <i>Water Management Act 2000</i> and draft Regulatory Impact Statement 		
Y2W Constraints	10	Stage 1a -- Final Business Case	<p>Progress Report on Stage 1 Activities consistent with requirements under Cl 8.</p> <p><u>Lifecycle Deliverable:</u> Commonwealth acceptance of</p> <ul style="list-style-type: none"> The delivery of a policy framework for managing the impacts of the NSW constraints program on affected landholders (Impact Management Toolbox), The delivery of a detailed stakeholder map for the Murray River system Evidence of progress with the Landholder Negotiation Framework Regulation 	31 October 2023	\$1,250,000
Y2W Constraints	TOTAL				\$13,653,914

* Completed milestones

^ Milestone accrued in the 2021-22 budget

Table (6) Constraints - Murrumbidgee Milestones and reporting details

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Murrumbidgee Constraints	5	Stage 1a - Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable</u> : Option Identification Report	Paid December 2021	\$3,361,199
Murrumbidgee Constraints	6	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable</u> : Option Assessment Report	Paid September 2022 [^]	\$2,368,571
Murrumbidgee Constraints	7	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable</u> : Option Shortlisting Report	30 September 2022	\$2,713,326
Murrumbidgee Constraints	8	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable</u> : Strategic Business Case (INSW Gateway 1 documents)	30 September 2022	\$4,457,326
Murrumbidgee Constraints	9	Stage 1a – Final Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable</u> :	28 February 2023	\$3,750,000

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Murrumbidgee Constraints	10	Stage 1a – Final Business Case	<ul style="list-style-type: none"> Release of a report on the outcomes from the Discussion Paper on the Landholder Negotiation Framework (LNF) for the NSW constraints program and Commonwealth acceptance of Evidence of progress with the LNF draft regulation under <i>NSW Water Management Act 2000</i> and draft Regulatory Impact Statement 	31 October 2023	\$2,250,000
Murrumbidgee Constraints	TOTAL		<p>Progress Report on Stage 1 Activities consistent with requirements under CI 8.</p> <p><u>Lifecycle Deliverable:</u> Commonwealth acceptance of</p> <ul style="list-style-type: none"> The delivery of a policy framework for managing the impacts of the NSW constraints program on affected landholders from (Impact Management Toolbox), The delivery of a detailed stakeholder map for the Murrumbidgee river system Evidence of progress with the Landholder Negotiation Framework Regulation 		\$18,900,422

* Completed milestones

^ Milestone accrued in the 2021-22 budget

Table (7) Constraints – Lower Darling Milestones and reporting details

Outputs	Milestone Number	Milestone Focus	Milestone Deliverable	Report Due / Date Paid*	Forecast Payment Claim
Lower Darling Constraints	5	Stage 1a - Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable: Option Identification Report</u>	Paid December 2021	\$942,863
Lower Darling Constraints	6	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable: Option Assessment Report</u>	Paid September 2022^	\$1,055,391
Lower Darling Constraints	7	Stage 1a- Strategic Business Case	Progress Report on Stage 1 Activities consistent with requirements under CI 8. <u>Lifecycle Deliverable: Option Shortlisting Report</u>	30 April 2022^	\$885,979
Lower Darling Constraints	TOTAL				\$2,884,233

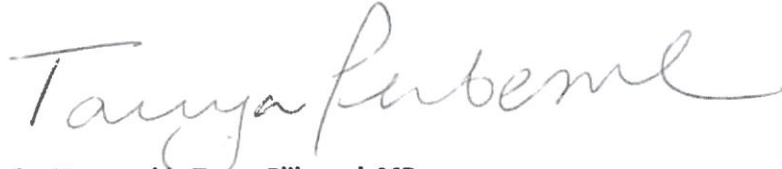
* Completed milestones

^ Milestone accrued in the 2021-22 budget

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 Tanya Plibersek MP
Minister for the Environment and Water

27. 9. 22

[Day] [Month] [Year]

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



The Honourable Kevin Anderson MP
Minister for Lands and Water

10. 10. 2022

[Day] [Month] [Year]