

New South Wales Toolkit projects — streamlined delivery

FEDERATION FUNDING AGREEMENT - ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth New South Wales
Duration	This Schedule is expected to expire on or before 31 December 2026, including final reporting and processing of payments.
Purpose	<p>This Schedule is made under the <i>Federation Funding Agreement—Environment</i> (FFA-Environment) which was agreed by the Council of Federal Financial Relations in 2020 as the model for Commonwealth-State funding.</p> <p>The Schedule will support the delivery of three (3) New South Wales projects (the Projects) that have been approved streamlined delivery, as part of the Murray-Darling Basin Plan Northern Basin Toolkit Measures (the Toolkit).</p> <ul style="list-style-type: none"> — Fish for the Future; Reconnecting the Northern Basin Project — Macquarie Marshes Enhanced Watering Project — Fish for the Future; Fish-friendly Water Extraction Project - Barwon-Darling and Gwydir Rivers <p>Further context for the Toolkit, and the Projects covered by this Schedule is provided at Attachment A.</p> <p>The Projects will be delivered under a staged approach, with project development activities occurring in parallel with some early on-ground works. This approach will facilitate streamlined assessment and delivery, expedite Toolkit funding reaching relevant northern Basin communities, and provide budgetary certainty for the New South Wales government, by setting out the funding envelope approved for the entire life of each of the Projects.</p> <p>Further detail on various activities to be completed during each stage of these Projects is outlined in Table 2.</p>

<p>Estimated financial contributions</p>	<p>The Commonwealth will provide an estimated total financial contribution to New South Wales of up to a maximum amount of \$79,920,000 (GST exclusive) in respect of this Schedule.</p> <table border="1" data-bbox="491 474 1264 817"> <thead> <tr> <th data-bbox="491 474 699 539">Table 1 (\$ million)</th> <th data-bbox="705 474 810 539">2021-22</th> <th data-bbox="817 474 922 539">2022-23</th> <th data-bbox="928 474 1034 539">2023-24</th> <th data-bbox="1040 474 1145 539">2024-25</th> <th data-bbox="1152 474 1264 539">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 548 699 613">Estimated total budget</td> <td data-bbox="705 548 810 613">\$11.006</td> <td data-bbox="817 548 922 613">\$3.714</td> <td data-bbox="928 548 1034 613">\$37.454</td> <td data-bbox="1040 548 1145 613">\$27.746</td> <td data-bbox="1152 548 1264 613">\$79.920</td> </tr> <tr> <td data-bbox="491 622 699 721">Less estimated National Partnership Payments</td> <td data-bbox="705 622 810 721">\$11.006</td> <td data-bbox="817 622 922 721">\$3.714</td> <td data-bbox="928 622 1034 721">\$37.454</td> <td data-bbox="1040 622 1145 721">\$27.746</td> <td data-bbox="1152 622 1264 721">\$79.920</td> </tr> <tr> <td data-bbox="491 730 699 817">Balance of non-Commonwealth contributions</td> <td data-bbox="705 730 810 817">0</td> <td data-bbox="817 730 922 817">0</td> <td data-bbox="928 730 1034 817">0</td> <td data-bbox="1040 730 1145 817">0</td> <td data-bbox="1152 730 1264 817">0</td> </tr> </tbody> </table>	Table 1 (\$ million)	2021-22	2022-23	2023-24	2024-25	Total	Estimated total budget	\$11.006	\$3.714	\$37.454	\$27.746	\$79.920	Less estimated National Partnership Payments	\$11.006	\$3.714	\$37.454	\$27.746	\$79.920	Balance of non-Commonwealth contributions	0	0	0	0	0
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<p>Additional terms</p>	<ol style="list-style-type: none"> 1. Project funds must not, unless agreed by the Commonwealth in writing, be used by New South Wales to: <ol style="list-style-type: none"> a. duplicate a business case or project development activities already undertaken and funded by the Commonwealth; or b. cover the cost of any project activities commenced but not yet completed prior to the execution of this Schedule. 2. New South Wales will provide relevant evidence that demonstrates achievement of performance milestones to meet the needs of the Commonwealth. Evidence will be provided in the form of a Project Execution Plan for each Project, that will evolve as New South Wales refines project information (Stage 1). 3. Evidence will include, but is not limited to: <ol style="list-style-type: none"> a. Project Execution Plans (including for Early On-Ground Works) inclusive of: <ol style="list-style-type: none"> i. Key deliverables ii. Project performance and resourcing including delivery schedule iii. Project costings estimates and forecasts including brief commentary on the derivation of costings data iv. Quality management and assurance v. Risks and issues register vi. Communication and stakeholder engagement planning for the life of the Project 																								

vii. Governance arrangements.

b. Commentary against project expenditure to date, delivery schedule status (including for Early On-Ground Works) and engagement activities undertaken.

c. Final report for each Project, including lessons learned.

4. Project development activities are to:

a. be delivered consistent with the agreed *Northern Basin Toolkit Project Business Case Assessment Guidelines*;

b. include finalised costings for each Project need to be robust and defensible; and

c. include a detailed and scientifically robust monitoring, evaluation and reporting (MER) plan for each of the Projects (see MER plan requirements at **Attachment B**).

5. Once all project development activities have been refined during Stage 1, a fully developed Project Execution Plan will be provided by New South Wales to inform the Gateway Review, or full implementation (Stage 2), for each of these Projects (see also **Attachment A**).

a. A high-level version of this Plan (for Stage 2) will be agreed by the Commonwealth Minister and will outline delivery of all remaining Works (see **Attachment A** for further information).

6. To reflect the funding arrangements for the Projects, a governance structure, comprising Commonwealth and New South Wales government officials, will monitor and provide strategic direction on the implementation of Toolkit measures in New South Wales, and oversee the delivery of specified activities and requirements, including endorsement of milestone reports, for each of the Projects under this Schedule.

7. Through New South Wales's existing project governance arrangements, New South Wales will notify the Commonwealth should any matters arise, that would inhibit complete and timely delivery of the Project as soon as the state becomes aware of these matters. New South Wales will invite the Commonwealth to participate as an observer in the governance arrangements and will provide monthly project reports to Commonwealth.

	<ol style="list-style-type: none">8. New South Wales will notify the Commonwealth where they intend to make significant variations to the timeframe for delivering milestones agreed in the Project Execution Plan.9. To ensure there is consistency in the approach for the two Fish-friendly Water Extraction projects funded under the Toolkit, New South Wales will ensure regular engagement with Queensland on both screening projects, including sharing lessons learned, and will report back to the Commonwealth on these discussions at each milestone.10. All approved Toolkit projects are designed where possible to employ local and indigenous people, source local goods and improve environmental outcomes in the northern Basin.11. Any assets being constructed or modified by New South Wales as part of these Projects already have existing asset ownership arrangements in place. The Commonwealth will not acquire any assets nor any liability for any operations, maintenance or recurrent costs from works undertaken or associated with these Projects
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Table 2: Performance requirements, reporting and payment summary**A. Fish for the Future: Reconnecting the Northern Basin Project**

This Project will reinstate fish passage at priority sites in the Northern Basin, focusing on the Barwon-Darling and Border Rivers areas.

Project Output	Performance milestones	Due Date	Payment
1. Project Establishment	Project Execution Plan inclusive of: <ul style="list-style-type: none"> - Deliverables and costs for Early On-Ground Works - Project governance arrangements - Communications and stakeholder engagement planning 	Within ten business days of executing this Schedule complete	\$2,810,000 Paid
2. Early On-Ground Works	Evidence that demonstrates progress as per the Project Execution Plan.	31 March 2022 complete	\$4,410,000 Paid
3. Proposal for Transition to Full Implementation	Evidence that demonstrates progress as per Project Execution Plan. Submission of a fully developed Project Execution Plan for Stage 2 inclusive of: <ul style="list-style-type: none"> - Final project costs. - Monitoring, Evaluation and Reporting Plan for the project (as per requirements at Attachment B to this Schedule). 	30 September 2022	\$6,670,000 Paid
GATEWAY REVIEW	Subject to delivery of Stage 1 to the satisfaction of the Commonwealth, and the Commonwealth Minister's agreement to a high-level Project Execution Plan for Stage 2, the remaining project activities and milestones will be negotiated through a Variation to this Schedule. The Commonwealth Minister has agreed \$30,200,000 to deliver Stage 2: Phase 1 milestones 4, 5, and 6 \$12,666,000 will be subject to the outcome of a further gateway review.		Complete 5 October 2023 Minister agreed to proceed to Stage 2
4. Project Status Report 1	Acceptance by Commonwealth officials of a Project Status Report showing progress against the Project Execution Plan for the period to 30 November 2023 which addresses the reporting items set out at Attachment C (1)	Within ten business days of execution of the gateway review project schedule variation	\$5,183,589

5. Project Status Report and construction underway	Acceptance by Commonwealth officials of a Project Status Report showing progress against the Project Execution Plan for the period 1 December 2023 to 15 February 2024 which addresses the reporting items set out at Attachment C (1) . Submission of Stage 2: Phase 2 Project Execution Plan and P90 costings.	28 February 2024	\$15,100,000
6. Construction completed	Acceptance by Commonwealth officials of a Project Status Report evidencing completed works at Banarway, Culmundi and Louth weirs and removal of Wilcannia unlicensed (Mt Murchison) weir. NSW is to provide its assessment of suitable fishways at Toomelah Weir and, where further work is proposed, its preferred approach to implementation (including costings and timelines).	16 June 2024	\$9,916,411
REVIEW	Subject to submission of Stage 2: Phase 2 to the satisfaction of the Commonwealth, and the Commonwealth Minister's agreement to a detailed funding proposal including an updated high-level Project Execution Plan, the remaining project activities and milestones will be negotiated through a Variation to this Schedule.	Up to \$12,660,000	
	Up to \$56,750,000		

Table 2: Performance requirements, reporting and payment summary			
B. Macquarie Marshes Enhanced Watering Project			
<i>This project will improve the effectiveness of environmental water delivery to the Macquarie Marshes by reducing the volume of water bypassing key assets.</i>			
Project Output	Performance milestones	Due Date	Payment
1. Project Establishment	Project Execution Plan inclusive of: <ul style="list-style-type: none"> - Deliverables and costs for Early On-Ground Works - Project governance arrangements - Communications and stakeholder engagement planning 	Within ten business days of executing this Schedule complete	\$357,000 Paid
2. Early On-Ground Works	Evidence that demonstrates progress as per the Project Execution Plan.	31 March 2022 complete	\$357,000 Paid
3. Proposal for Transition to Full Implementation	Evidence that demonstrates progress as per Project Execution Plan. Submission of a fully developed Project Execution Plan for Stage 2 inclusive of: <ul style="list-style-type: none"> - Final project costs. - Monitoring, Evaluation and Reporting Plan for the project (as per requirements at Attachment B to this Schedule). 	30 September 2022 complete	\$1,666,000 Paid
GATEWAY REVIEW	Subject to delivery of Stage 1 to the satisfaction of the Commonwealth, and the Commonwealth Minister's agreement to a high-level Project Execution Plan for Stage 2, the remaining project activities and milestones will be negotiated through a Variation to this Schedule.		Complete 9 March 2023 Commonwealth Minister agreed project to proceed to Stage 2
4. Project Status Report 1	Acceptance by Commonwealth officials of a Project Status Report showing progress against the Project Execution Plan for the period 1 October 2022 to 30 May 2024 which addresses the reporting items set out at Attachment C (2) Evidence construction works have been completed at Oxley Breaks No. 3. Confirmation hydrological modeling, topographical and ecological surveys have been completed for Mumblebone Breaks.	16 June 2024	\$310,000
			Up to \$2,690,000

Table 2: Performance requirements, reporting and payment summary**C. Fish for the Future: Fish-friendly Water Extraction Project - Barwon-Darling and Gwydir Rivers**

This Project will screen offtake pumps to ensure fish are not removed from targeted areas and thereby improving the resilience of native fish populations in relevant catchments.

Project Output	Performance milestones	Due date	Payment
1. Project Establishment	Project Execution Plan inclusive of: <ul style="list-style-type: none"> — Outline for Expressions of Interest Program delivery — Project governance arrangements — Communications and stakeholder engagement planning — Plan for collaboration and complementarity between this Project and the Queensland Fish-friendly Water Extraction project. 	Within ten business days of executing this Schedule Complete	\$1,024,000 Paid
2. Early On-Ground Works	Evidence that demonstrates progress as per the Project Execution Plan, including: <ul style="list-style-type: none"> — public announcement of the Expression of Interest Program opening. — Diversion Screening Guidelines. 	31 March 2022 Complete	\$2,048,000 Paid
3. Proposal for Transition to Full Implementation	Evidence that demonstrates progress as per the Project Execution Plan. Submission of a fully developed Project Execution Plan for Stage 2 inclusive of: <ul style="list-style-type: none"> — Delivery work plan for remaining project activities. — Financial year profile for all project activities through to full implementation. — Monitoring, Evaluation and Reporting Plan for the Project (as per requirements at Attachment B to this Schedule). — Final project costs. 	30 September 2022 Complete	\$2,048,000 Paid

GATEWAY REVIEW	<p>Subject to delivery of Stage 1 to the satisfaction of the Commonwealth, and the Commonwealth Minister's agreement to a high-level Project Execution Plan, the remaining project activities and milestones will be negotiated through a Variation to this Schedule.</p> <p>The Commonwealth Minister has agreed \$15,360,000 to deliver Stage 2 milestones 5-8.</p>	<p>Complete</p> <p>9 March 2023</p> <p>Commonwealth Minister agreed project to proceed to Stage 2</p>	
4. Commencement of contracted works	<p>Acceptance by the Commonwealth of a Project Status Report which:</p> <ul style="list-style-type: none"> • includes evidence of executed contracts for the installation of fish-friendly water extraction screens at all 10 project sites; and • demonstrates progress towards project completion through comprehensive reporting on the items listed for inclusion in the Project Status Reports at Attachment C (3) for the period 30 September 2022 to 15 October 2023 inclusive. 	<p>Within 10 business days of execution of the gateway review project schedule variation</p>	<p>\$10,500,000</p>
5. Completion of contracted works, testing and commissioning	<p>Acceptance by the Commonwealth of a Project Completion Report which:</p> <ul style="list-style-type: none"> • includes evidence of the complete installation of all 32 contracted fish-friendly water extraction screens at 10 project sites; and • comprehensive reporting on the items listed for inclusion in the Project Status Reports at Attachment C (3) for the period 16 October 2023 to 15 August 2024 inclusive) and; • includes evidence of completion of all project outcomes through comprehensive reporting on the items listed for inclusion in the Project Completion Report at Attachment C (4) for the entire project period, up to and including 15 August 2024. 	<p>15 August 2024</p>	<p>\$4,860,000</p>
			<p>\$20,480,000</p>

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

7/12/2023

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



The Honourable Rose Jackson MLC
Minister for Water

14.12 /2023

ATTACHMENT A.

Funding context and Commonwealth gateway assessment for the Toolkit projects covered by this Schedule.

1. On 9 August 2019, Basin First Ministers agreed to implement Toolkit measures through Schedule 3 to the *2013 Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin* (the IGA). This includes:
 - a. Up to \$180 million in Commonwealth funding is available until 30 June 2024 for Queensland and New South Wales governments to implement environmental works and measures projects that will deliver improved environmental outcomes the northern Basin, in particular to promote fish or broader ecological health.
 - b. Any ongoing costs related to the approved projects (such as monitoring and evaluation and operation and maintenance costs) will be the responsibility of the relevant State, unless otherwise agreed in relation to individual environmental measures.
2. To date, a total of \$5,011,427 has been provided to the Queensland and New South Wales governments for the preparation of Toolkit feasibility proposals.
3. In March 2021, following the Commonwealth assessment of the feasibility proposals, the Australian Government announced ten environmental projects that would receive further Toolkit funding, either to commence immediate implementation or to progress to the business case development phase. These ten approved projects were identified by a panel of independent experts to deliver the best environmental outcomes for the northern Basin.
4. These Projects have been approved to follow a streamlined gateway model, where the following project activities will happen in parallel as outlined in Table 2:
 - a. on-ground delivery will commence in 2021 to ensure the benefits are rapidly reaching regional communities.
 - b. further project development activities will be undertaken overtime and submitted in packages to the Commonwealth for rolling assessment as outlined under Purpose of this Schedule.

Gateway Review:

5. Once all performance milestones for Stage 1 (as set out in Table 2 for each Project) have been met, the suite of project development deliverables will effectively comprise the State's proposal to transition to full implementation (Stage 2) of the Project.
6. At this point, the Commonwealth will undertake a "gateway review" to affirm the viability and expected outcomes of each of the Projects, and ensure all information provided by New South Wales meets the Commonwealth's requirements for assessing whether the Project will achieve an outcome which is technically viable, value for money and a proper use of the public resources for which it was originally approved.
7. Once this review is complete, and subject to a decision by the Commonwealth Minister, the remainder of the Commonwealth's financial commitment to the Project will be reaffirmed. To enact this decision, a Variation to this Schedule will be agreed by Commonwealth and New South Wales ministers, including agreement of appropriate performance milestones and commensurate milestone payments for the remaining project funding.

ATTACHMENT B.

Requirement for the Monitoring, Evaluation and Reporting (MER) plan that is to be provided as part of each Toolkit project.

The plan will provide information on how each of the Projects, if implemented, will be assessed to determine its effectiveness in delivering its anticipated environmental outcomes and monitor any key risks and potential ecological dis-benefits. The MER plan must:

1. be underpinned by a program logic, and be consistent with long-term watering plans and water resource plans MER, including being informed by risks these plans have identified;
2. be a standalone document that addresses relevant MER recommendations identified by the Independent Expert Ecological Panel for Ecological Merit and Prioritisation in their assessment of the project feasibility proposal;
3. be capable of evaluating and reporting on the effectiveness of the works, and also whether or not the intended environmental outcomes have been achieved by these works. This includes being capable of evaluating and reporting on key ecological risks and dis-benefits as part of a risk mitigation strategy developed during project development;
4. be able to evaluate and report at the project level, but also be geographically and thematically integrated with other relevant MER programs and activities, particularly for other Toolkit projects;
5. describe how MER activities leverage off and doesn't duplicate the MER activities undertaken through existing programs;
6. describe cost sharing and governance arrangements for longer term MER activities;
7. be designed to support broader Basin Plan MER including the Basin-wide monitoring strategy being led by MDBA; and
8. describe data sharing arrangements with the expectation being that any data and information arising from the MER plan is available to, and shared with, other Basin governments and also made publicly available where appropriate.

ATTACHMENT C.

1. Items for inclusion in the Project Status Reports listed under milestones 4 and 5 for the Fish for the Future: Reconnecting the Northern Basin Project.

The **Project Status Reports** will provide information on Project actions which occurred during the reporting period. This will include, but is not limited to, the following:

Milestone reports inclusive of:

Evidence of the works completed during the reporting period, including: number of project sites (in total), number (in total) of fishways installed and provision of catchment level maps indicating location of projects;

- a. a summary of the works achieved in relation to the installation of fishways;
- b. a summary of local and Indigenous employment generated through the project;
- c. a breakdown of the cost of all works completed during the reporting period;
- d. any further stakeholder engagement that has been necessary for activities during the reporting period
- e. any new risks identified during the reporting period and their potential impact on project delivery;
- f. progress of MER Plan funding and monitoring activities; and
- g. any other matters relating to the project.

2. Items for inclusion in the Project Status Reports listed under milestone 4 for the Macquarie Marshes Enhanced Watering Project.

The **Project Status Reports** will provide information on Project actions which occurred during the reporting period. This will include, but is not limited to, the following:

Milestone reports inclusive of:

- a. A summary of local and Indigenous employment generated through the project;
- b. a breakdown of the cost of all works completed during the reporting period;
- c. any further stakeholder engagement that has been necessary for activities during the reporting period;
- d. any new risks identified during the reporting period and their potential impact on project delivery;
- e. progress of MER Plan funding and monitoring activities; and
- f. any other matters relating to the project.

3. Items for inclusion in the Project Status Reports listed under milestones 4 and 5 for the New South Wales Fish-Friendly Water Extraction Project.

The **Project Status Reports** will provide information on Project actions which occurred during the reporting period. This will include, but is not limited to, the following:

- a. Evidence of the works completed during the reporting period, including: number of contracts executed, number of project sites, number of screens installed as well as screen size (diameter) and pumping capacity, and provision of catchment level maps indicating location of projects;
- b. a summary of the works achieved in relation to the ordering, manufacture, delivery and installation of screens;
- c. a summary of local indigenous employment generated through the project;
- d. a breakdown of the cost of all works completed during the reporting period;
- e. any further stakeholder engagement that has been necessary for activities during the reporting period
- f. any new risks identified during the reporting period and their potential impact on project delivery;
- g. progress of MER Plan funding and monitoring activities; and
- h. any other matters relating to the project.

4. Items for inclusion in the Project Completion Report listed under milestone 5 for the New South Wales Fish-Friendly Water Extraction Project.

The **Project Completion Report** will describe all activities completed under the project including, but not limited to, the following:

- a. the number of contracts executed and completed;
- b. the number of screens installed and commissioned;
- c. the total project costs;
- d. a summary of all MER activities and findings, including the predicted number of fish retained in the rivers due to the project;
- e. all project communications and stakeholder engagement activities;
- f. evidence of potential further uptake of screens by water extractors;
- g. a summary of local and Indigenous employment across the timeframe of the project and further opportunities arising from the project;
- h. lessons learned from the project; and
- i. any planned longer-term monitoring, evaluation and reporting activities which may provide evidence of changes in the numbers of native fish retained in the rivers.