

Resilient Rivers Water Infrastructure Program: South Australian Alternative Water Supply Efficiency Measures Program

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule

Parties	Commonwealth South Australia
Duration	This Schedule is expected to expire on 31 December 2027, or upon completion of all agreed measures including final progress reporting.
Purpose	<p>This Schedule will support the delivery of the South Australian Alternative Water Supply Efficiency Measures (AWSEM) Program as funded under Stream C of the Resilient Rivers Water Infrastructure Program.</p> <p>The AWSEM Program will support eligible South Australian local government authorities to invest in infrastructure that will substitute River Murray water used for open space irrigation and industrial uses in South Australia with stormwater, treated wastewater or other alternative water resources.</p> <p>Projects funded under the program will deliver capital works that include construction, replacement, upgrading, or otherwise providing alternative water supply infrastructure (such as stormwater or wastewater reuse infrastructure) that directly offsets water that would otherwise have been sourced from the River Murray.</p> <p>The program will be managed by the South Australian Department for Environment and Water in accordance with the provided program guidelines, application forms and governance arrangements.</p> <p>The AWSEM Program will generate an estimated water saving of 1,890 megalitres (ML) providing water recovery of 1,769 ML of River Murray High Security water entitlements to the Commonwealth with a long-term diversion limit equivalence (LTDLE) of 1,560.2 ML per year (ML/y).</p> <p>South Australia has confirmed that the AWSEM Program is exempted from the Murray–Darling Basin Ministerial Council’s socio-economic assessment agreed in December 2018, however a high-level socio-economic assessment has been completed and South Australia was satisfied that the Program has neutral or positive socio-economic outcomes.</p>

Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to South Australia of up to \$32.6m in respect of this Schedule.</p> <table><tr><th>Table 1 (\$ million)</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>2027-28</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>5.5</td><td>15.5</td><td>6.7</td><td>4.9</td><td>32.6</td></tr><tr><td>Less estimated Commonwealth contributions</td><td>5.5</td><td>15.5</td><td>6.7</td><td>4.9</td><td>32.6</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td></tr></table>	Table 1 (\$ million)	2024-25	2025-26	2026-27	2027-28	Total	Estimated total budget	5.5	15.5	6.7	4.9	32.6	Less estimated Commonwealth contributions	5.5	15.5	6.7	4.9	32.6	Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0
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Additional terms	<p>Funding</p> <p>1. Total funding from the Commonwealth to South Australia under this Schedule will be up to a maximum of \$32.6 million (GST exclusive) with any program costs above this amount provided by South Australia.</p> <p>2. Funding is provided to the following sub-projects/activities:</p> <ul style="list-style-type: none">• AWSEM Program costs: \$32,150,000.00• SA Program Administration costs: \$450,000.00 <p>3. Where milestone payment is based on actual expenditure, the Commonwealth’s maximum potential payments are set out in the Table 2 milestones. However, where applicable, this will be adjusted to allow the “unpaid” funds carried from the previous milestone to be paid in the subsequent milestone. If this occurs over different financial years, then it will be subject to the approval of a Movement of Funds process.</p> <p>Financial Reporting statements</p> <p>4. South Australia will provide a report of income and expenditure on an annual basis. The report is to include a financial report that contains a statement of payments and receipts in respect of the program, and it is to be certified by a person undertaking the role of Chief Financial Officer (or comparable role) and includes a statement that the financial accounts are true and fair.</p> <p>5. The income and expenditure report provided by South Australia at Milestone 5 will be supported by independent audit reports with unqualified audit opinions.</p>																								

Governance

6. Project Control Group meetings will be held for the AWSEM Program with South Australian Department for Environment and Water and any project partners at least every two months. The Commonwealth will participate as an observer and as a funding partner but will not participate in decisions on program implementation. South Australia will arrange for a written progress report to support these meetings and provide to all participants prior to the meeting. The report should demonstrate progress since the last meeting and identify activities planned for the period up to the next meeting.
7. Through South Australia's existing project governance arrangements, South Australian Department for Environment and Water will notify the Commonwealth should any matters arise, that would inhibit complete and timely delivery of the AWSEM Program.

Program Terms

8. Any assets being constructed or modified as part of the AWSEM Program already have existing asset ownership arrangements in place. The Commonwealth will not acquire any assets nor liability for any operations, maintenance or recurrent costs from works undertaken or associated with the AWSEM Program.
9. South Australia will, where there is a shortfall between the final water recovery and the total amount agreed in this Schedule, make up the shortfall and ensure the total of River Murray High Security water entitlements (1,560.2 ML/y LTDLE) are transferred to the Commonwealth.
10. An Indigenous Participation Plan (IPP) is required. Programs and projects under the Resilient Rivers Water Infrastructure Program are designed in accordance with the IPP to employ local and First Nations people, source local goods and improve environmental outcomes in the Murray–Darling Basin.

Table 2: Performance requirements, reporting and payment summary

Performance milestones for South Australian Department for Environment and Water	Report due	Payment
Milestone 1 – Initial Report – Completed Commonwealth acceptance of a Report detailing: <ul style="list-style-type: none"> engagement of the program manager and associated program management resources that Commonwealth-State governance arrangements for the program have been established a program management plan including a schedule of activities, an IPP, risk plan, plan/progress towards achieving program approvals and permits for start conditions, and establishment of program systems/processes status update on proposed and approved projects. 	Within 90 days of execution of Schedule	\$5,500,000
Milestone 2 – Progress Report 1 and Water Entitlement transfer - Underway Commonwealth acceptance of a Report detailing: <ul style="list-style-type: none"> satisfactory progress against the program management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) Status update on proposed and approved projects Work health and safety outcomes and responses and risks management and treatments Regional stimulus outcomes (FTEs, local spend information, contracts awarded to/to be awarded) Stakeholder engagement Lessons learned Income and expenditure report Governance report (number of meetings, major discussions, risks discussed) Variance report (detailing any scope, activity or outcome changes) where required Transfer of 574.5 ML (506.7 ML LTDLE) of River Murray High Security water entitlements to the Commonwealth.	10/11/2025	\$5,500,000
Milestone 3 – Water Entitlement transfer <ul style="list-style-type: none"> Transfer of 310.0 ML (273.4 ML LTDLE) of River Murray High Security water entitlements to the Commonwealth. Executed water transfer deed for 1,194.5 ML (1,053.5 LTDLE) Updated program management plan including a schedule of activities, an IPP, risk plan, plan/progress towards achieving program approvals and permits for start conditions, and establishment of program systems/processes Evidence of all projects engaged and project management plans established 	13/03/2026	\$10,000,000

<p>Milestone 4 – Progress Report 2 and Water Entitlement transfer</p> <p>Commonwealth acceptance of a Report detailing:</p> <ul style="list-style-type: none">• satisfactory progress against the program management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed)• Status update on proposed and approved projects• Work health and safety outcomes and responses and risks management and treatments• Regional stimulus outcomes (FTEs, local spend information, contracts awarded to/to be awarded)• Stakeholder engagement• Lessons learned• Income and expenditure report• Governance report (number of meetings, major discussions, risks discussed)• Variance report (detailing any scope, activity or outcome changes) where required <p>Transfer of 884.5 ML (780.1 ML LTDLE) of River Murray High Security water entitlements to the Commonwealth.</p>	14/03/2027	Actual expenditure for the program up to a maximum of \$6,700,000
<p>Milestone 5 – Final Report and Water Savings Report</p> <p>Commonwealth acceptance of a Report demonstrating the Completion of the Program, detailing:</p> <ul style="list-style-type: none">• On ground works completed and verified• Achievements and benefits realised• Program changes and/or modifications• Stakeholder engagement summary and significant interactions• Lessons learned• Overall work health and safety incidents and risk management and treatments for the life of the program. <p>Water Savings Report to verify all works achieved the expected water savings</p> <p>Certified independent audit of income and expenditure report for the whole program.</p> <p>Individual final report capturing and finalising completion of the project.</p>	10/12/2027	Actual expenditure for the program up to a maximum of \$4,900,000 plus any unpaid funds carried from Milestone 4
Total Commonwealth contribution		\$32,600,000

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

Signed for and on behalf of the Commonwealth of Australia by



Senator the Honourable Murray Watt
Minister for the Environment and Water

[Day] [Month] [Year]

14/12/25

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



The Honourable Lucy Hood MP
Minister for Climate, Environment and Water

[Day] [Month] [Year]

1/1/26