

Resilient Rivers Water Infrastructure Program: Victorian-led Coliban Rural Water Efficiency Project

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth Victoria
Duration	This Schedule is expected to expire on 30 November 2031.
Purpose	<p>This Schedule will support the delivery of Victorian-led Coliban Rural Water Efficiency Project as funded under Stream A of the Resilient Rivers Water Infrastructure Program.</p> <p>The Victorian-led Coliban Rural Water Efficiency Project will aim to improve and modernise water infrastructure across the Coliban rural water supply system, including a comprehensive reconfiguration of the system to enhance efficiency and align with regional water security and environmental outcomes.</p> <p>Commonwealth funding will be provided to Victoria to support implementation of project activities, with on-ground works expected to be undertaken from July 2028 to July 2031.</p> <p>The Victorian-led Coliban Rural Water Efficiency Project will generate an estimated water savings of 4,750 megalitres (ML) of Goulburn High Reliability Water Shares to the Commonwealth with a long-term diversion limit equivalence (LTDLE) of 4,593.25 ML per year (ML/y).</p> <p>This Schedule is approved on the basis that the Victorian-led Coliban Rural Water Efficiency Project and activities identified satisfy s86AD of the Water for the Environment Special Account (Pt 2AA of the <i>Water Act 2007</i>) and has been assessed using socio-economic criteria agreed by the Murray-Darling Basin Ministerial Council and completed by Victoria.</p>

<p>Estimated financial contributions</p>	<p>The Commonwealth will provide an estimated total financial contribution to the States of \$120m in respect of this Schedule.</p> <table border="1" data-bbox="448 376 1455 763"> <thead> <tr> <th data-bbox="448 376 646 454">Table 1 (\$ million)</th> <th data-bbox="651 376 774 454">2025-26</th> <th data-bbox="778 376 901 454">2026-27</th> <th data-bbox="906 376 1029 454">2027-28</th> <th data-bbox="1034 376 1157 454">2028-29</th> <th data-bbox="1161 376 1284 454">2029-30</th> <th data-bbox="1289 376 1412 454">2030-31</th> <th data-bbox="1417 376 1455 454">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 461 646 533">Estimated total budget</td> <td data-bbox="651 461 774 533">45</td> <td data-bbox="778 461 901 533">40</td> <td data-bbox="906 461 1029 533">35</td> <td data-bbox="1034 461 1157 533">-</td> <td data-bbox="1161 461 1284 533">20</td> <td data-bbox="1289 461 1412 533">20</td> <td data-bbox="1417 461 1455 533">160</td> </tr> <tr> <td data-bbox="448 539 646 645"><i>Less estimated Commonwealth contributions</i></td> <td data-bbox="651 539 774 645">45</td> <td data-bbox="778 539 901 645">40</td> <td data-bbox="906 539 1029 645">35</td> <td data-bbox="1034 539 1157 645">-</td> <td data-bbox="1161 539 1284 645">-</td> <td data-bbox="1289 539 1412 645">-</td> <td data-bbox="1417 539 1455 645">120</td> </tr> <tr> <td data-bbox="448 651 646 763">Balance of non-Commonwealth contributions</td> <td data-bbox="651 651 774 763">-</td> <td data-bbox="778 651 901 763">-</td> <td data-bbox="906 651 1029 763">-</td> <td data-bbox="1034 651 1157 763">-</td> <td data-bbox="1161 651 1284 763">20</td> <td data-bbox="1289 651 1412 763">20</td> <td data-bbox="1417 651 1455 763">40</td> </tr> </tbody> </table>	Table 1 (\$ million)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Estimated total budget	45	40	35	-	20	20	160	<i>Less estimated Commonwealth contributions</i>	45	40	35	-	-	-	120	Balance of non-Commonwealth contributions	-	-	-	-	20	20	40
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<p>Additional terms</p>	<p>Funding</p> <ol style="list-style-type: none"> 1. Total funding from the Commonwealth to Victoria under this Schedule will be up to a maximum of \$120 million (GST exclusive) with any project costs above this amount provided by Victoria or any project partner. Coliban Water has committed a Non-Commonwealth funding contribution of up to \$40 million toward project costs. 2. Commonwealth funding is provided for the following activities: <ul style="list-style-type: none"> • Coliban Rural Water Efficiency Project costs \$118,250,000 • Victoria project administration costs \$1,750,000 <p>Financial Reporting statements</p> <ol style="list-style-type: none"> 3. Victoria will provide an annual financial report that contains a statement of payments and receipts in respect of the project, and it is to be certified by a person undertaking the role of Chief Financial Officer of the organisation (or comparable role) and includes a statement that the financial accounts are true and fair. 4. Victoria will provide an independently audited financial report at Milestone 4. This will be the first of two audited reports provided to the Commonwealth. 5. Victoria will provide a final report, including a second and final independently audited financial report, at Milestone 6 or within 6 months of practical completion of the project (whichever comes first). 6. Victoria must ensure all Non-Commonwealth in-kind/cash contributions are applied to the project as per the approved budget. 																																

Water Transfers

7. Victoria will transfer 750 ML (725.25 ML LTDLE), 1,000 ML (967 ML LTDLE) and 3,000 ML (2,901 ML LTDLE) of Goulburn High Reliability Water Shares to the Commonwealth at Milestone 2, 3 and 5 of this Schedule, respectively.
8. The final report is to be accompanied by evidence of transfers of water entitlements equivalent to 4,750 ML (4,593.25 ML LTDLE) to the Commonwealth and evidence that on-ground works have been verified as having reached practical completion.

Governance

9. Project Control Group meetings will be held for the Victorian-led Coliban Rural Water Efficiency Project with Victoria and any project partners on a monthly basis or at an interval otherwise agreed by members of the Project Control Group (at least one ordinary meeting every quarter). The Commonwealth will participate as an observer and as a funding partner but will not participate in decisions on project implementation. Victoria 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.
10. Through Victoria's existing project governance arrangements, Victoria will notify the Commonwealth should any matters arise that would inhibit complete and timely delivery of the Victorian-led Coliban Rural Water Efficiency Project.

Project Terms

11. The Commonwealth acknowledges that project activities (including but not limited to construction works, water audits, verification activities, and the transfer of additional water savings) will continue beyond Commonwealth funded milestones.
12. Victoria will be responsible for all aspects of delivering on the approved milestones as set out in the Schedule.
13. Victoria will report outside this Schedule to Resilient Rivers Water Infrastructure Program agreed governance committees.
14. Any assets being constructed or modified as part of the project 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 the Victorian-led Coliban Rural Water Efficiency Project, the exception being the Water Shares issued to the Commonwealth as part of this project.

	<p>15. 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.</p> <p>16. In addition to the requirements set out in clause 21 of the FFA-Environment, Victoria agrees to:</p> <ul style="list-style-type: none">a) Acknowledge Commonwealth funding in all publications, promotional materials, signage, announcements and activities in relation to the program;b) Ensure the Commonwealth is consulted prior to the release of all media material relating to works under this Schedule;c) Provide the Commonwealth with equal access to products obtained under this Schedule for the use in the development of promotional material, including but not limited to program data, footage and images; andd) Provide opportunities for Commonwealth involvement in announcements and launch events relating to the project.
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Table 2: Performance requirements, reporting and payment summary

Performance milestones	Report due	Payment
<p><u>Milestone 1 – Execution of Federation Funding Agreement Schedule, execution of Water Transfer Deed and Project Plan</u></p> <p>Federation Funding Agreement - Environment Schedule executed between the State and Commonwealth.</p> <p>Water Transfer Deed executed between the State and Commonwealth for the full volume of water of 4,750 ML (4,593.25 ML LTDLE) of Goulburn High Reliability Water Shares.</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Project Plan including key deliverables, timeframes and project governance arrangements, including confirmation that Commonwealth-State governance arrangements have been established • a completed Indigenous Participation Plan. <p>Confirmation that a Project Control Group for the project has been established, including confirmation of membership.</p>	<p>Within 60 calendar days of Federation Funding Agreement execution</p>	<p>\$45,000,000</p>
<p><u>Milestone 2 – Progress report and water entitlement transfer</u></p> <p>Transfer of 750 ML (725.25 ML LTDLE) of Goulburn High Reliability Water Shares to the Commonwealth.</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Progress Report detailing the status of delivery against the Project Plan including, but not limited to, progress against the schedule and budget (income and expenditure report), stakeholder engagement, achievements against the Indigenous Participation Plan, and any challenges/risks to delivery • evidence that the Customer Expression of Interest process has been completed and a copy of the summary report • a completed Construction Procurement Plan for the delivery of project works and construction activities. 	<p>30 April 2027</p>	<p>\$40,000,000</p>
<p><u>Milestone 3 – Progress report and water entitlement transfer</u></p> <p>Transfer of 1,000 ML (967 ML LTDLE) of Goulburn High Reliability Water Shares to the Commonwealth.</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Progress Report detailing the status of delivery against the Project Plan including, but not limited to, progress against the schedule and budget (income and expenditure report), stakeholder engagement, achievements against the Indigenous Participation Plan, and any challenges/risks to delivery • evidence that an independent auditor is being engaged or has been engaged to complete a certified independent report of income and expenditure for the project up 30 June 2028. 	<p>28 April 2028</p>	<p>\$35,000,000</p>

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<p>Milestone 4 – Progress report and audited financial report</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Progress Report detailing the status of delivery against the Project Plan including, but not limited to, progress against the schedule and budget (income and expenditure report), stakeholder engagement, achievements against the Indigenous Participation Plan, and any challenges/risks to delivery • evidence of awarded contracts for construction works • an independently audited financial report of the income and expenditure for the project up to 30 June 2028. 	<p>27 April 2029</p>	<p>nil</p>
<p>Milestone 5 - Progress report and water entitlement transfer</p> <p>Transfer of 3,000 ML (2,901 ML LTDLE) of Goulburn High Reliability Water Shares to the Commonwealth.</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Progress Report detailing the status of delivery against the Project Plan including, but not limited to, progress against the schedule and budget (income and expenditure report), stakeholder engagement, achievements against the Indigenous Participation Plan, and any challenges/risks to delivery • evidence that construction has commenced • completed Decommissioning Implementation Plan. 	<p>26 April 2030</p>	<p>nil</p>
<p>Milestone 6 – Final report and audited financial report</p> <p>Commonwealth acceptance of:</p> <ul style="list-style-type: none"> • a Final Report detailing the delivery of project as per the Project Plan, including evidence that on-ground works have been verified as having reached practical completion. • evidence of transfers of water entitlements equivalent to 4,750 ML (4,593.25 ML LTDLE) to the Commonwealth • an independently audited financial report to include all income and expenditure for the project. 	<p>30 November 2031</p>	<p>nil</p>

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] 3/3/26

Signed for and on behalf of the State of Victoria by



The Honourable Gayle Tierney MP
Minister for Water

[Day] [Month] [Year] 14/4/26.