

Victorian Constraints Measures Program (VCMP) Stage 1B

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth Victoria (VIC)
Duration	This Schedule is expected to expire on 31 March 2027 or upon completion of all the agreed milestones including the final progress reporting.
Purpose	<p>This Schedule will support Stage 1B activities that are designed to enhance the capacity to deliver environmental water to high-value floodplain and wetland sites, while managing risks to landholders, infrastructure, and cultural values. This will be achieved by conducting on ground works, business case development, technical and policy studies, as well as program management and governance work. On ground works will focus on:</p> <ol style="list-style-type: none"> 1. Ryans Lagoon Complex: Environmental Water Delivery Infrastructure <ul style="list-style-type: none"> • Identify the best fit option that ensures long-term sustainability of native flora and fauna. • Construct the preferred option that delivers a regular watering regime for the wetlands with support from Traditional Owners and Parklands Albury Wodonga, the delegated land manager for the complex. 2. Campaspe River Increased Environmental Flows: Increased Flows Technical Assessment <ul style="list-style-type: none"> • Provide environmental water holders (the Commonwealth Environmental Water Holder and Victorian Environmental Water Holder) with increased capacity and flexibility to deliver environmental water to the Campaspe River with benefits to the River Murray. • The potential to reduce flood risk in Rochester, Echuca and Torrumbarry through utilisation of environmental water allocations held in Lake Eppalock and the ability to release water at higher rates when conditions allow. 3. Goulburn River off-channel habitat assessment <ul style="list-style-type: none"> • Identify off-channel habitats along the Goulburn River that can/could be connected by flows within current operational constraints and up to 17,000 ML/day in the lower Goulburn River. • Costed concept designs for the environmental water delivery infrastructure/works at the priority off-channel habitats. 4. Molesworth Billabong Complex Environmental Water Delivery Infrastructure Investigation <ul style="list-style-type: none"> • Develop a business case with recommended and costed infrastructure options to regularly deliver environmental water to the Molesworth Billabong Complex, a priority site for the Taungurung Land & Waters Council.

Table 1: Formalities and operation of schedule

	<ul style="list-style-type: none"> Allow Commonwealth environmental water held in Lake Eildon to be adaptively delivered in response to environmental requirements (e.g., bird breeding events, drought refuge, or plant growth and flowering). 																
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to Victoria of up to \$8,792,000 in respect of this Schedule.</p> <table border="1"> <thead> <tr> <th>Table 1 (\$ million)</th> <th>2025-26 [Year 1]</th> <th>2026-27 [Year 2]</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>2.313</td> <td>6.479</td> <td>8.792</td> </tr> <tr> <td>Less estimated National Partnership Payments</td> <td>2.313</td> <td>6.479</td> <td>8.792</td> </tr> <tr> <td>Balance of non-Commonwealth contribution</td> <td>0.000</td> <td>0.000</td> <td>0.000</td> </tr> </tbody> </table>	Table 1 (\$ million)	2025-26 [Year 1]	2026-27 [Year 2]	Total	Estimated total budget	2.313	6.479	8.792	Less estimated National Partnership Payments	2.313	6.479	8.792	Balance of non-Commonwealth contribution	0.000	0.000	0.000
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Estimated total budget	2.313	6.479	8.792														
Less estimated National Partnership Payments	2.313	6.479	8.792														
Balance of non-Commonwealth contribution	0.000	0.000	0.000														
Additional terms	<p>The nature of the infrastructure installed at Ryans Lagoon will be determined in a final report investigating Ryans Lagoon environmental water delivery options. The final cost for that project will therefore be subject to the outcomes of that investigation. If a lower cost alternative is the preferred infrastructure solution, Victoria has identified other no regrets activities it can deliver with the funding saved. The proposed Schedule includes a decision point at the first milestone submission at which time Victoria will advise of the infrastructure option chosen and if applicable, which of the identified activities at Appendix 1 can be delivered within the funding envelope and timeframe.</p> <p>As part of the assessment of the Work Plan at Milestone 1D, the Commonwealth and Victorian Governments will agree on a preferred construction option for the Ryans Lagoon project and if applicable, the selected Additional Activities to be delivered as per Appendix 1 in line with the milestone reporting dates in Table 2. For this reason, milestone payments are expressed as 'up to' amounts for Ryans Lagoon in Table 2 and will be determined by the Additional Activities selected.</p> <p>Should the actual expenditure incurred by Victoria to deliver the activities in Table 2 be less than the Commonwealth's financial contribution, the Parties agree that the final milestone payment (Milestone 4) in Table 2 will be reduced to meet the total actual expenditure incurred on the activities.</p>																

Table 2: Victorian Constraints Measures Program (VCMP) Stage 1B

Performance requirements, milestones, reporting and payment summary

Output	No.	Performance milestones	Report due	Payment
Approval of options and Execution of Contracts with	1	<p>Acceptance by the Commonwealth of supporting evidence showing:</p> <ul style="list-style-type: none"> program management arrangements including project planning for procurement activities established project governance arrangements 	31/01/2026	\$906,000

Table 2: Victorian Constraints Measures Program (VCMP) Stage 1B Performance requirements, milestones, reporting and payment summary				
Output	No.	Performance milestones	Report due	Payment
delivery partners		<ul style="list-style-type: none"> delivery negotiation with regional partners including Traditional Owner Groups finalised program delivery schedule. 		
	1A	Acceptance by the Commonwealth of supporting evidence showing execution of contracts with delivery partners to deliver Goulburn Broken CMA projects including: <ul style="list-style-type: none"> Goulburn River off-channel habitat assessment report and documentation Molesworth Billabong Complex Environmental Water Delivery Infrastructure Investigation report and documentation. 	31/01/2026	\$145,000
	1B	Acceptance by the Commonwealth of supporting evidence showing the following for the Northeast CMA projects: <ul style="list-style-type: none"> final report investigating Ryans Lagoon environmental water delivery options Traditional Owner consultation and project management. 	31/01/2026	\$217,000
	1C	Final Campaspe River Increased Flows Technical Assessment documentation.	31/01/2026	\$700,000
	1D	Acceptance by the Commonwealth of the Work Plan as described in Appendix 2 confirming: <ul style="list-style-type: none"> selected Ryans Lagoon infrastructure option if applicable, selected Additional Activities from Appendix 1. 	31/01/2026	\$345,000
Progress Reporting	2	Acceptance by the Commonwealth of a progress report on program delivery and governance of the VCMP Stage 1B as per Appendix 2 .	01/07/2026	\$1,117,000
	2A	Acceptance by the Commonwealth of a progress report including: <ul style="list-style-type: none"> status of any cross-jurisdictional technical work including additional technical work and engagement towards an agreed River Murray and Goulburn River scope (part of the Goulburn River off-channel habitat assessment) communications and engagement activities, meetings and forums. 	01/07/2026	Up to \$500,000
	2B	Acceptance by the Commonwealth of evidence of Ryans Lagoon approvals Phase 2:	01/07/2026	\$345,000

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Output	No.	Performance milestones	Report due	Payment
		<ul style="list-style-type: none"> all regulatory approvals and permits secured for the final design of the Ryans Lagoon preferred infrastructure option draft of the Operations and Maintenance (O&M) Plan to support earlier integration with governance and delivery planning. 		
	2C	Acceptance by the Commonwealth of supporting evidence with regards to Ryans Lagoon construction Phase 1, and Additional Activities as per Appendix 1 : <ul style="list-style-type: none"> approved project plan for construction procurement completed - construction authority selected status of Additional Activities (if applicable). 	01/07/2026	Up to \$1,225,000
Progress Reporting	3	Acceptance by the Commonwealth of supporting evidence showing Molesworth Billabong Complex Environmental Water Delivery Infrastructure Investigation is complete and accepted by Victoria.	31/12/2026	\$25,000
	3A	Acceptance by the Commonwealth of supporting evidence showing Campaspe River Increased Flows Final Technical Assessment is complete and accepted by Victoria.	31/12/2026	\$700,000
	3B	Acceptance by the Commonwealth of progress report as described in Appendix 2 on Ryans Lagoon construction and Additional Activities (if applicable) as per Appendix 1 : <ul style="list-style-type: none"> evidence of activities completed engagement with stakeholders and Traditional Owners outcomes achieved financial summary. 	31/12/2026	Up to \$1,000,000
Completion of project review report	4	Project close-out reports for all projects and all Additional Activities including: <ul style="list-style-type: none"> evidence of activities completed engagement with stakeholders and Traditional Owners outcomes achieved final financial acquittal lessons learned and opportunities for future work. 	31/03/2027	Up to \$715,000

Table 2: Victorian Constraints Measures Program (VCMP) Stage 1B				
Performance requirements, milestones, reporting and payment summary				
Output	No.	Performance milestones	Report due	Payment
	4A	Ryans Lagoon construction Phase 2 handover report to include confirmation of: <ul style="list-style-type: none"> • establish performance monitoring systems • commissioning • legally binding Operations and Maintenance (O&M) Plan to support earlier integration with governance and delivery planning • as-built drawings • operation & maintenance manuals • commissioning certificates • asset registers • warranties • defect lists • environmental compliance documentation. 	31/03/2027	\$852,000
			TOTAL	Up to \$8,792,000

OFFICIAL

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

14/12/25

**Signed for and on behalf of the
State of Victoria by**



The Honourable Gayle Tierney MLC
Minister for Water

14/12/25