

Resilient Rivers Water Infrastructure Program: NSW Murrumbidgee Irrigation Channel Lining and Piping Project

FEDERATION FUNDING AGREEMENT - ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth New South Wales (NSW)
Duration	This Schedule is expected to expire on 30 June 2028.
Purpose	<p>This Schedule will support the delivery of the NSW Murrumbidgee Irrigation Channel Lining and Piping (MICLP) Project as funded under Stream A of the Resilient Rivers Water Infrastructure Program.</p> <p>The MICLP project will upgrade the Murrumbidgee Irrigation Area water delivery network through irrigation channel lining, piping and infrastructure upgrades to improve water delivery efficiency and reduce losses from seepage and evaporation. This will involve 57.9 km of channel lining and 21.7 km of channel replaced with pipelines. Other activities include upgrade of 67 regulator sites, 300 outlet sites and 20 escape sites.</p> <p>The MICLP Project will generate an estimated water savings of 5,003 megalitres (ML) providing 4,674 ML to the Commonwealth with a long-term diversion limit equivalence (LTDLE) of 4,091.66 ML per year (ML/y).</p> <p>This is comprised of water recovery of 840 ML (809.76 ML LTDLE) of Murrumbidgee High Security water entitlements and 3,834ML (3,281.9 LTDLE) of high reliability Murrumbidgee conveyance water entitlements.</p> <p>This Schedule is approved on the basis that the MICLP 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 NSW.</p>

Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to the NSW of up to \$112.401m in respect of this Schedule.</p> <hr/> <p>Table 1</p> <table border="1"> <thead> <tr> <th>(\$ million)</th> <th>2025-26</th> <th>2026-27</th> <th>2027-28</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>35.097</td> <td>55.000</td> <td>22.304</td> <td>112.401</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>35.097</td> <td>55.000</td> <td>22.304</td> <td>112.401</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>0.000</td> <td>0.000</td> <td>0.000</td> <td>0.000</td> </tr> </tbody> </table>	(\$ million)	2025-26	2026-27	2027-28	Total	Estimated total budget	35.097	55.000	22.304	112.401	<i>Less estimated National Partnership Payments</i>	35.097	55.000	22.304	112.401	Balance of non-Commonwealth contributions	0.000	0.000	0.000	0.000
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Additional terms	<p>Funding</p> <ol style="list-style-type: none"> Total funding from the Commonwealth to NSW under this Schedule will be up to a maximum of \$112,401,043 (GST exclusive) with any project costs above this amount provided by New South Wales. Funding is provided to the following sub-projects/activities: <ul style="list-style-type: none"> MICLP Project costs: \$110,304,343 NSW Project Administration costs: \$2,096,700 <p>Financial Reporting statements</p> <ol style="list-style-type: none"> NSW will provide a report of income and expenditure on an annual basis and as part of Milestone 6. The report is to include a 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 (or comparable role) of Murrumbidgee Irrigation Limited (Murrumbidgee Irrigation) and includes a statement that the financial accounts are true and fair. The income and expenditure reports provided by NSW at Milestones 2 and 5 will be supported by an independent audit report with unqualified audit opinions for the project costs. NSW will provide a certified independent audit report of income and expenditure for the entirety of the project costs, with unqualified audit opinions within 60 days of the expiry of this schedule. 																				

Governance

6. Project Control Group meetings will be held for the MICLP Project with NSW, Murrumbidgee Irrigation and any project partners on a monthly basis. The Commonwealth will participate as an observer and as a funding partner but will not participate in decisions on program implementation.
7. Through NSW's existing project governance arrangements, NSW will notify the Commonwealth should any matters arise, that would inhibit complete and timely delivery of the MICLP Project.

Project Terms

8. Any assets being constructed or modified as part of the MICLP Project 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 MICLP Project.
9. 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.
10. In addition to the requirements set out in clause 21 of the FFA-Environment, NSW agrees to:
 - 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; and
 - d) Provide opportunities for Commonwealth involvement in announcements and launch events relating to the project.

Table 2: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment
<p>Milestone 1 – Initial Report and Execution of Water Transfer Deed</p> <p>Commonwealth acceptance of a report including:</p> <ul style="list-style-type: none"> • A detailed project management plan inclusive of but not limited to engagement of project team and key staff, establishment of governance and project control group arrangements, and project performance metrics • Commencement of full scope development with concept designs and technical specifications for design and construct tender • Indigenous Participation Plan, risk management plan, approvals and permits requirements identified <p>Commonwealth-State governance arrangements for the project have been established</p> <p>Executed water Transfer Deed for 4,674 ML (4,091.66 ML/y LTDLE)</p>	within 30 calendar days of execution	\$35,096,700
<p>Milestone 2 – Progress Report 1 and Stage 1 Tender Package</p> <p>Commonwealth acceptance of a progress report detailing:</p> <ul style="list-style-type: none"> • Progress completed against the project performance metrics as detailed in the project management plan • Release of tender packages (design and construct) for year 2026 delivery packages (Stage 1) • Evidence of procurement for materials for Stage 1 works • Income and expenditure report <p>Certified independent audit of income and expenditure report for the project costs for the 2025-26 FY</p>	31 July 2026	\$14,000,000
<p>Milestone 3 – Progress Report 2, Stage 1 On-ground Works and Water Entitlement Transfer</p> <p>Commonwealth acceptance of a progress report detailing:</p> <ul style="list-style-type: none"> • Progress completed against the project performance metrics as detailed in the project management plan • On-ground works demonstrating cumulative construction completed in year 2026 delivery packages (Stage 1) of the following: <ul style="list-style-type: none"> ○ Cumulative treatment of 28 km of channels and pipeline, including HDPE channel lining, and pipeline construction ○ Cumulative treatment of 138 structures, including regulators, outlets and escapes • Income and expenditure report <p>Transfer of 1,660 ML (1,420.96 ML/y LTDLE) high reliability (Murrumbidgee conveyance) water entitlements and 840 ML (809.76 ML/y LTDLE) of Murrumbidgee High Security water entitlements</p>	18 January 2027	\$29,000,000

<p>Milestone 4 – Progress Report 3 and Stage 2 Tender Package</p> <p>Commonwealth acceptance of a progress report detailing:</p> <ul style="list-style-type: none"> • Progress completed against the project performance metrics as detailed in the project management plan • Release of tender packages (design and construct) for year 2027 delivery packages (Stage 2) • Evidence of procurement for materials for Stage 2 works • Income and expenditure report 	<p>31 March 2027</p>	<p>\$12,000,000</p>
<p>Milestone 5 – Progress Report 4, Stage 2 On-ground Works and Water Entitlement Transfer</p> <p>Commonwealth acceptance of a progress report detailing:</p> <ul style="list-style-type: none"> • Progress completed against the project performance metrics as detailed in the project management plan • On-ground works demonstrating cumulative construction completed in year 2027 delivery packages (Stage 2) of the following: <ul style="list-style-type: none"> ○ Cumulative treatment of 70 km of channels and pipeline, including HDPE channel lining, and pipeline construction ○ Cumulative treatment of 338 structures, including regulators, outlets and escapes • Income and expenditure report <p>Certified independent audit of income and expenditure report for the project costs for the 2026-27 FY</p> <p>Transfer of 2,174 ML (1,860.94 ML/y LTDLE) high reliability (Murrumbidgee conveyance) water entitlements.</p>	<p>1 December 2027</p>	<p>\$13,000,000</p>
<p>Milestone 6 – On-ground Works Completed, Final Report and Water Savings Report</p> <p>Commonwealth acceptance of a final report and supporting evidence detailing:</p> <ul style="list-style-type: none"> • The delivery of the project and works completed against the project performance metrics as detailed in the project management plan • On-ground works 100% completed <ul style="list-style-type: none"> ○ Cumulative HDPE lining 57.9 km of channels ○ Cumulative Pipeline 21.7 km ○ Cumulative Regulators 67 ○ Cumulative Outlet Structures 300 ○ Cumulative Escapes 20 • Verification of works • Achievements and benefits realised • Report on the analysis of water recovery to verify all works achieved the expected water savings. <p>CFO (or equivalent) certified income and expenditure report for project costs</p>	<p>1 April 2028</p>	<p>Actual expenditure for the project up to a maximum of \$9,304,343</p>

OFFICIAL

Evidence that an independent auditor is being engaged or has been engaged to complete a certified independent audit report of income and expenditure for the entire project		
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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] 20/3/26

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



The Honourable Rose Jackson MLC
Minister for Water

[Day] [Month] [Year] 20.4.26