

Implementing Reforms for Regional Forest Agreements

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 or on completion of the project, including final performance reporting and processing of final payments against milestones.
Purpose	This Schedule will support NSW to develop a Strategic Assessment for forestry operations in NSW Regional Forest Agreement (RFA) regions under the reformed <i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act).
Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to NSW of up to \$8.5 million in respect of this Schedule. The profile for the total financial contribution is presented in Table 1.
Additional terms	• The RFA exemption under the EPBC Act will sunset on 1 July 2027 as a result of reforms to Australia's national environment laws that passed the Australian Parliament on 28 November 2025. • The RFA states, including NSW, are developing alternative landscape-scale approval pathways for RFA forestry operations under the EPBC Act before the exemption sunsets. The pathways are an approval bilateral agreement, a strategic assessment or a bioregional plan. RFA states can choose their preferred pathway. • NSW has committed to developing a Strategic Assessment for forestry operations in RFA regions, with the longer-term goal of an approval bilateral agreement with the Commonwealth for NSW forestry. • The final approval decision for all landscape-scale approval pathways rests with the Commonwealth Environment Minister. • The funding will support NSW to assess its forest management systems, make any necessary enhancements and prepare industry for the regulatory transition. Funding will be paid on completion of the performance milestones detailed in Table 2.

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| | <ul style="list-style-type: none">• The Commonwealth and NSW will engage regularly throughout the development of the Strategic Assessment through agreed governance arrangements. |
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Table 1: Financial contributions to the state

(\$)	2026-27	2027-28	Total
Estimated total budget	4,500,000	4,000,000	8,500,000
Less estimated National Partnership Payments	4,500,000	4,000,000	8,500,000
Balance of non-Commonwealth contributions	0	0	0

Table 2: Performance requirements, reporting and payment summary

Output	Performance milestones	Report due	Payment (\$)
A strategic assessment under the EPBC Act for forestry operations in the NSW RFA regions is delivered for the Commonwealth Environment Minister's consideration and decision.	1. Formal confirmation to the Commonwealth of the NSW Government's preferred pathway, signing of the Schedule and agreement to a joint project plan.	30 August 2026	2,000,000
	2. Commonwealth acceptance of a milestone report confirming completion of public consultation on the draft Terms of Reference and publishing of an engagement plan.	30 October 2026	1,500,000
	3. Commonwealth acceptance of a milestone report confirming completion of public statutory consultation process on the draft Program Report and draft Strategic Impact Assessment Report.	31 March 2027	1,000,000
	4. a) State submission of the final draft of the Program Report, the Strategic Impact Assessment Report and (if relevant) Supplementary Strategic Impact Assessment Report for the Commonwealth Environment Minister's consideration and decision; and b) Commonwealth acceptance of a milestone report confirming that the state processes will appropriately reflect any Commonwealth Environment Ministerial decision in relation to the Strategic Assessment.	1 July 2027	3,000,000
NSW forestry industry is equipped for the transition to EPBC Act requirements	5. Commonwealth acceptance of a milestone report outlining relevant industry support and education delivered to provide for a smooth transition for NSW industry stakeholders to EPBC Act regulatory arrangements.	1 December 2027	1,000,000

**As set out in the Federation Funding Agreement – Environment, if a milestone is met in advance of the due date, where the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated payment earlier than scheduled provided it falls within the same financial year as the original milestone.*

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

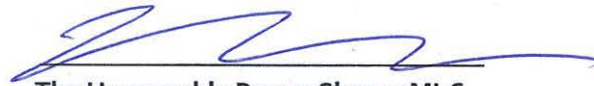
Signed for and on behalf of the Commonwealth of
Australia by



Senator the Honourable Murray Watt
Minister for the Environment and Water

4 / 9 / 2026

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



The Honourable Penny Sharpe MLC
Minister for Climate Change, Minister for
Energy, Minister for the Environment,
Minister for Heritage

14 / 9 / 2026

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