

Resilient Rivers Water Infrastructure Program: NSW Murrumbidgee Irrigation Urban Channel Pipelines 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 31 December 2027.
Purpose	This Schedule will support the delivery of the NSW Murrumbidgee Irrigation Urban Channel Pipelines (MIUCP) Project as funded under Stream A of the Resilient Rivers Water Infrastructure Program. The MIUCP Project will modernise water infrastructure across the NSW Leeton and Griffith Shire regions. This will involve replacing 47.4 km of aging concrete and earthen urban supply channels as well as 1.4 km of leaking pipelines, with 47.5 km of new pipeline. Other activities include treatment of 703 outlets/structures (this includes the rationalisation of 33 escapes) and reconfiguration of the network creating greater delivery efficiency. The MIUCP Project will generate an estimated water savings of 2,675 megalitres (ML) providing water recovery of 2,541 ML of high reliability (Murrumbidgee conveyance) water entitlements to the Commonwealth with a Long-Term Diversion Limit Equivalence (LTDLE) of 2,210.7 ML per year (ML/y) This Schedule is approved on the basis that the MIUCP 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.

Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to NSW of up to \$63.5m in respect of this Schedule. <table><tr><th colspan="5">Table 1</th></tr><tr><th>(\$ million)</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>41.245</td><td>10.000</td><td>12.255</td><td>63.500</td></tr><tr><td>Less estimated Commonwealth contributions</td><td>41.245</td><td>10.000</td><td>12.255</td><td>63.500</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></table>	Table 1					(\$ million)	2024-25	2025-26	2026-27	Total	Estimated total budget	41.245	10.000	12.255	63.500	Less estimated Commonwealth contributions	41.245	10.000	12.255	63.500	Balance of non-Commonwealth contributions	0.000	0.000	0.000	0.000
Table 1																										
(\$ million)	2024-25	2025-26	2026-27	Total																						
Estimated total budget	41.245	10.000	12.255	63.500																						
Less estimated Commonwealth contributions	41.245	10.000	12.255	63.500																						
Balance of non-Commonwealth contributions	0.000	0.000	0.000	0.000																						
Additional terms	Funding 1. Total funding from the Commonwealth to NSW under this Schedule will be up to a maximum of \$63.5 million (GST exclusive) with any project costs above this amount provided by NSW. 2. Funding is provided to the following sub-projects/activities: - MIUCP Project costs: \$62,255,000 - NSW Project Administration costs: \$ 1,245,000 Financial Reporting statements 3. NSW 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 these projects that must be certified by a person undertaking the role of Chief Financial Officer (or comparable role) of Murrumbidgee Irrigation Limited (Murrumbidgee Irrigation) and that includes a statement that the financial accounts are true and fair. 4. The income and expenditure reports provided by NSW at Milestones 4, 6 and 8 will be supported by independent audit reports with unqualified audit opinions. Governance 5. Regular Project Control Group meetings will be held for the MIUCP Project with NSW, Murrumbidgee Irrigation and any project partners. The Commonwealth will participate as an observer and as a funding partner but will not participate in decisions on project implementation. 6. 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 MIUCP Project.																									

	Project Terms 7. Any assets being constructed or modified as part of the MIUCP 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 MIUCP Project. 8. NSW 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 full 2,541 ML of high reliability (Murrumbidgee conveyance) water entitlements (2,210.7 ML/y LTDLE) are transferred to the Commonwealth before 30 June 2027. 9. Where the project has a First Nations engagement element, an Indigenous Participation Plan (IPP) is required. Resilient Rivers Water Infrastructure Program projects 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 NSW Department of Climate Change, Energy, the Environment and Water and Murrumbidgee Irrigation Limited	Report due	Payment
Milestone 1 – Initial Report Commonwealth acceptance of a Report detailing: • satisfactory progress and timing for the engagement of the project manager and associated project management resources • that Commonwealth-State governance arrangements for the project have been established • a project management plan including an IPP (if applicable refer to Additional term 9), risk plan, plan/progress towards achieving project approvals and permits for start conditions, and establishment of project systems/processes	Within 30 days of execution of agreement	\$11,245,000 (including full administration cost)
Milestone 2 – Progress Report 1 Commonwealth acceptance of a Report detailing: • satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • 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	8/11/2024	\$10,000,000
Milestone 3 – Progress Report 2 and Water Entitlement transfer Commonwealth acceptance of a Report detailing: • Satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • 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)	30/04/2025	\$20,000,000

• Variance report (detailing any scope, activity or outcome changes) where required Detailed designs and tender plans Cost to complete report Transfer of water entitlements equivalent to 2,210.7 ML/y LTDLE to the Commonwealth		
Milestone 4 – Progress Report 3 and FY2024-25 audited income and expenditure report Commonwealth acceptance of a Report detailing: • Satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • On ground works completed: demonstrating cumulative construction outcomes of at least 19 km of channels and pipelines completed and 216 outlets/structures treated • 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 Certified independent audit of income and expenditure report for the project from execution of agreement to 30 June 2025	30/10/2025	\$5,000,000
Milestone 5 – Progress Report 4 Commonwealth acceptance of a Report detailing: • Satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • On ground works completed: demonstrating cumulative construction outcomes of at least 31.0 km of channels and pipelines completed, 425 outlets/structures treated • 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, risk) • Variance report (detailing any scope, activity or outcome changes) where required Cost to complete report	30/04/2026	\$5,000,000

Milestone 6 – Progress Report 5 and FY2025-26 audited income and expenditure report Commonwealth acceptance of a Report detailing: • Satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • On ground works completed: demonstrating cumulative construction outcomes of at least 37.7 km of channels and pipelines completed, 528 outlets/structures treated • 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, risk) • Variance report (detailing any scope, activity or outcome changes) where required Certified independent audit of income and expenditure report for the project from execution of agreement to 30 June 2026 Chief Financial Officer (or comparable role) certified income and expenditure report from 1 July 2026 to 8 September 2026.	30/10/2026	Actual expenditure for the project up to 8 September 2026 less \$50million, up to a maximum of \$6,000,000
Milestone 7 – Interim Final Report and Certified income and expenditure report for project Commonwealth acceptance of a Report detailing: • Satisfactory progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) • On ground works completed: demonstrating cumulative construction outcomes of at least 47.5 km of channels and pipelines completed, 703 outlets/structures treated • 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 • Governance report (number of meetings, major discussions, risk) • Variance report (detailing any scope, activity or outcome changes) where required Chief Financial Officer (or comparable role) certified income and expenditure report for the whole project	30/04/2027	Actual expenditure for the project, less the sum of \$50million and the Milestone 6 payment, up to a maximum of \$12,255,000
Milestone 8 – Final Report and Water Savings Report Commonwealth acceptance of a Report demonstrating the Completion of the Project, detailing: • On ground works completed and verified	15/11/2027	N/A

• Achievements and benefits realised • Project 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 project Water Savings Report Analysis of water recovery to verify all works achieved the expected water savings Certified independent audit of income and expenditure report for the whole project		
---	--	--

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

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Tanya Plibersek MP
Minister for the Environment and Water

[Day] [Month] [Year]

5. 9. 2024

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



The Honourable Rose Jackson MLC
Minister for Water

[Day] [Month] [Year]

29. 10. 24