Schedule

Murray–Darling Basin – Sustainable Communities

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule

Parties	Commonwealth New South Wales
Duration	This Schedule is expected to expire on 30 June 2029.
Purpose	To provide funding to New South Wales to develop and deliver community adjustment assistance, in line with the principles at **Attachment A**, to Murray-Darling Basin communities to minimise socio-economic impacts from the recovery of water towards the 450 gigalitres of additional environmental water under the *Murray-Darling Basin Plan 2012 (Cth)* (Basin Plan).
Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to New South Wales of up to $176 million in respect of this Schedule.

Table 1

($ million)	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Estimated total budget	8.1	2.9	64.5	54.5	46.0	176.0
Less estimated National Partnership Payments	-	-	-	-	-	-
- New South Wales	8.1	2.9	64.5	54.5	46.0	176.0
Balance of non-Commonwealth contributions	-	-	-	-	-	-

[Additional terms]	a) A Steering Committee, comprising Commonwealth and New South Wales officials will be formed to ensure alignment with the program objectives and other implementation activities under the Basin Plan. b) The Commonwealth will provide New South Wales with information about its approach to water purchases, any socio-economic impact analysis and any related information from consultation activities to assist New South Wales to focus its program delivery. c) New South Wales will make total funding of up to $160 million available to Murray-Darling Basin communities over the life of the Schedule.

	d) New South Wales will be provided a further $16 million for delivery costs including: i. planning and administration costs including for consultation, delivery and reporting activities, and, ii. to facilitate regional, place-based engagement and support for communities and local government to identify and develop opportunities for integrated water recovery and / or community adjustment initiatives. e) Program design, consultation, delivery and reporting requirements are outlined at **Attachment A**. f) Commonwealth funding of $160 million for communities is provided to invest in a combination of: i. no-regrets investment to support Murray-Darling Basin communities for transition to a future with less consumptive water, and, ii. adjustment assistance integrated with water recovery programs (including Commonwealth water purchase) to mitigate adverse socioeconomic impacts. g) New South Wales will publish its Final Report as outlined at **Attachment A** no later than 6 months after the completion of this Schedule. h) The Commonwealth reserves the right to publish all materials arising from this Schedule. i) New South Wales and the Commonwealth may, by mutual agreement, vary the performance milestones and associated dates in this Schedule.

Output	Performance milestones	Due	Pmt FY	Payment
	1. Execution of Schedule	August 2024	2024-25	$8.1m
Program Design and Delivery	2. Commonwealth Approval of Implementation and Consultation Plans	30 September 2024		Nil
	3. Commonwealth Approval of Monitoring and Evaluation Plan detailed at Attachment A	31 December 2024		Nil
Program design	4. Commonwealth approval of early investment program design	11 November 2024		Nil
Program Delivery	5. NSW commences program	18 November 2024		Nil
Program guidelines	6. Commonwealth approval of substantive investment program guidelines	30 June 2025		Nil
Reporting	7. Commonwealth Acceptance of Annual Progress Report 2024-25 (Attachment A) – Payment is for year 2 funding	Within 10 days of Variation Execution	2025-26	$2.9m
	8. Commonwealth Acceptance of Annual Progress Report 2025-26 (Attachment A) – Payment is for year 3 funding	31 October 2026	2026-27	$64.5m
	9. Commonwealth Acceptance of Annual Progress Report 2026-27 (Attachment A) – Payment is for year 4 funding	31 October 2027	2027-28	$54.5m
	10. Commonwealth Acceptance of Annual Progress Report 2027-28 (Attachment A) – Payment is for year 4 funding	31 October 2028	2028-29	$46.0m
Final Reporting	11. Commonwealth Acceptance of Final Report & Financial acquittal (Attachment A)	30 June 2029		Nil
			Total	**$176.0m**

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
7 / 5 /2026

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

The Honourable Tara Moriarty MLC
Minister for Regional New South Wales
9 / 6 /2026

Attachment A

Principles

New South Wales will develop and deliver community adjustment assistance to Murray-Darling Basin communities to minimise socio-economic impacts from the recovery of water towards the 450 gigalitres of additional environmental water under the Murray-Darling Basin Plan 2012 (Cth) (Basin Plan) in accordance with the principles outlined below.

a. Diversification and Resilience

- Support transition of regional communities to achieve a wide range of socio-economic outcomes.
- Support jobs and sustainable economies in a future with less consumptive water.

b. Place-based

- Place based investment focused on communities within catchments impacted by the recovery of towards the 450 GL of water for the environment.
- Engage local people as active participants in the development of adjustment measures.

c. Proportionality

- Proportional investment into communities that considers the potential drivers of adverse impacts and anticipated or observed impacts from water recovery.

d. Co-design

- Co-design across government.
- Consultation with communities, First Nations, local government, and regional industries.

e. Strategic alignment

- Consistent with the Commonwealth Regional Investment Framework and the National Agreement on Closing the Gap.
- Strategically aligned with regional priorities, including by supporting existing regional development plans and aligning with First Nations priorities, where possible.

f. Transparency and integrity

- Directed towards clear outcomes and objectives.
- Value for money.

- Transparency through administration and evaluation.

g. Evidence-based

- Underpinned by a transparent evidence base supported by multiple lines of inquiry.

Consultation

2. New South Wales will develop a Consultation Plan to inform program design and development.
3. The Consultation Plan will detail how place-based consultations will occur in the New South Wales Murray-Darling Basin, including (at a minimum) the role of local governments, key regional leaders, community members, industry representatives, and First Nations groups in those consultations.
4. New South Wales will provide insights and feedback as they arise about socioeconomic impacts and may provide suggestions or ideas to improve the implementation of the 450 GL program via the Steering Committee.
5. New South Wales will advise the Commonwealth on the timing and location of consultations.
6. The Commonwealth may also attend these forums to discuss Commonwealth water recovery programs, where mutually agreed.
7. The Consultation Plan will include, at a minimum, a description of:
    a. The overall approach to consultation and engagement
    b. The roles and responsibilities of each party (Commonwealth and New South Wales) with respect to consultation of community adjustment assistance under the 450 GL program.
    c. The planned consultation activities and the phasing of those activities
    d. Which places and people will be targeted for consultation and when
    e. How New South Wales will provide insights to the Commonwealth about community impacts and water recovery opportunities, and
    f. Reporting on consultation activities.

Implementation Plan

8. New South Wales will develop an Implementation Plan for the development and delivery of community adjustment assistance, which will, at a minimum:
    a. Define the program objectives and scope, aligned to the Principles and Focus Areas

b. Include project outcomes, milestones deliverables

c. Include risks and mitigation strategies

d. Include a Budget

9. The Commonwealth will work with New South Wales and provide information about the water purchase program where possible (subject to commercial, probity, privacy and market sensitivities) to assist in the design and delivery of community adjustment assistance.

10. Through the program Steering Committee New South Wales will consult with the Commonwealth on proposed projects and programs and provide regular updates.

11. New South Wales will consult the Commonwealth on the dates of any announcement of program or project funding and formally notify the Commonwealth at least one week ahead of announcement.

12. All funding announcements and signage will be joint announcements, unless otherwise agreed, and acknowledge Commonwealth funding.

Monitoring and Evaluation Plan

13. New South Wales will collect and use data appropriate for monitoring and evaluating the effectiveness of community adjustment assistance measures.

14. New South Wales will develop a Monitoring and Evaluation Plan which will, at a minimum:

a. Set out targets and KPIs to measure performance outcomes.

b. Describe the target populations, datasets, collection methods, activities to be measured, and methods of analysis.

c. Include outcomes, indicators and measures that can be used to report on progress.

d. Detail the evaluations to be conducted, including the timing and nature or reports and their alignment with the annual and final reports detailed below.

Annual Progress Reports

15. New South Wales will complete Annual Progress Reports, which will cover, at a minimum:

a. A summary of feedback received which may include, but is not limited to, feedback from communities, regions and industry, both through formal consultations and other interactions where feedback was received about the community adjustment assistance or broader 450 GL program.

b. Reporting against the targets and KPIs set out in the Monitoring and Evaluation Plan

c. The communities / regions that received funding, which projects were funded and the funding amounts.

d. Analysis of the effectiveness of community adjustment assistance delivered as scheduled in the Monitoring and Evaluation Plan, where evaluation has occurred and data is therefore available.

16. New South Wales will report expenditure through the Annual Progress Reports and will include expenditure detailed by region and/or program and any unspent amounts.

17. New South Wales annual expenditure reporting will be certified the Chief Financial Officer of the relevant New South Wales agency / agencies. Annual expenditure reports will be independently audited in accordance with the relevant Australian Auditing Standards.

18. Annual Progress Reports will cover the period of 12 months commencing 1 July each year and will be provided to the Commonwealth no later than the statutory date the relevant New South Wales delivery agency is also required to provide its Annual Report to its Minister or the New South Wales Treasurer.

19. At the second annual progress report, the Commonwealth and New South Wales will conduct a mid-point review of the program to consider the progress of water recovery in New South Wales and any implications for the Sustainable Communities Program.

Final Report

20. The Final Report will cover, at a minimum:

a. A summary of the communities / regions that received funding and the amounts.

b. A complete list of all projects funded amounts, locations and completion status.

c. With reference to the targets/KPIs set out in the Monitoring and Evaluation plan, an overall analysis of the effectiveness of support.

d. A final audited Financial Acquittal, approved by the Chief Finance Officer from the relevant New South Wales agency.

21. Final reports and Financial Acquittals are to be provided to the Commonwealth before the end date of this Schedule as per the Milestone Table.