

# Goulburn-Murray Water – Water Efficiency Project

## FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of Schedule																									
Parties	Commonwealth Victoria																								
Duration	This Schedule is expected to expire on 30 June 2024.																								
Purpose	<p>This Schedule will support the Goulburn-Murray Water (GMW) Water Efficiency Project (the Project). The Project will recover 15.9 gigalitres (GL) (LTAAY) of water and facilitate environmental watering across the Goulburn-Murray Irrigation District and Murray-Darling Basin, leading to improved agricultural activity and generating benefits for the local and regional communities.</p> <p>This Schedule is approved on the basis that the Goulburn-Murray Water (GMW) Water Efficiency Project (the Project) satisfies s86AD of the Water for the Environment Special Account (in Pt 2AA of the <a href="#">Water Act 2007</a>) and has been assessed using socio-economic assessment criteria agreed by Victoria.</p> <p>The Project comprises two sub-projects:</p> <ul style="list-style-type: none"> <li>(a) Backbone Transformation Project: rationalise and modernise approximately 230 km of channel across the Goulburn-Murray Irrigation District (GMID) to recover 14.7 GL (LTAAY).</li> <li>(b) Shepparton East Project: rationalise and modernise approximately 24.3 km of channel across the across the Shepparton Irrigation Area to recover 1.2 GL (LTAAY).</li> </ul>																								
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to Victoria of \$177.5 m (GST not applicable) in respect of this Schedule:</p> <p><b>Table 1: Estimated Financial Contributions</b></p> <table border="1"> <thead> <tr> <th>Estimated budget (\$ million)</th> <th>2020-21</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Estimated total budget</b></td> <td><b>35.0</b></td> <td><b>62.0</b></td> <td><b>70.0</b></td> <td><b>10.5</b></td> <td><b>177.5</b></td> </tr> <tr> <td>Less Estimated Commonwealth Contributions</td> <td>35.0</td> <td>62.0</td> <td>70.0</td> <td>10.5</td> <td>177.5</td> </tr> <tr> <td>Balance of State Contributions</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> </tbody> </table>	Estimated budget (\$ million)	2020-21	2021-22	2022-23	2023-24	Total	<b>Estimated total budget</b>	<b>35.0</b>	<b>62.0</b>	<b>70.0</b>	<b>10.5</b>	<b>177.5</b>	Less Estimated Commonwealth Contributions	35.0	62.0	70.0	10.5	177.5	Balance of State Contributions	0.0	0.0	0.0	0.0	0.0
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Additional terms	<p><b>Funding</b></p> <p>Total funding from the Commonwealth to Victoria under this Schedule will be up to the maximum amount of \$177.5 million with any project costs above this amount provided by Victoria.</p> <p>Victoria will provide an independent audit report of income and expenditure on an annual basis. The audit report is to include a financial report that contains a statement of payments and receipts in respect of the Project that must be certified by a person undertaking the role of Chief Financial Officer of the Organisation (or a comparable role) and that includes a statement that the financial accounts are true and fair.</p> <p><b>Project terms</b></p> <p>Victoria will be responsible for ensuring that, for the purposes of certifying practical completion, the Project will:</p> <ul style="list-style-type: none"> <li>(a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that Victoria cannot reasonably fix, or by fixing, will significantly inconvenience users of the works;</li> <li>(b) not cause any legal or physical impediment to the use and occupation of the property and the works for the designated use; and</li> <li>(c) be fit for the designated use.</li> </ul> <p>Victoria will, where there is a shortfall between the final water audit and the total amount agreed in this schedule, make up this shortfall and ensure the full 15.9 GL LTAAAY of water entitlements are transferred to the Commonwealth before 30 June 2024.</p>

Table 2: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment
<b>Execution of Agreement</b> <ul style="list-style-type: none"> <li>Engage the project director and key project staff</li> <li>Establish project governance arrangements</li> <li>Establish project systems and processes</li> <li>Commence project procurement and contract management</li> </ul>	February 2021 On execution of agreement	\$35m
<b>Milestone One</b> Progress Report describing against the following performance benchmarks: <ul style="list-style-type: none"> <li>Estimated 1.0 GL (LTAAY) works completed cumulative</li> <li>50 outlets treated cumulative</li> <li>Income and expenditure report</li> </ul>	30 September 2021	\$35m
<b>Milestone Two</b> Progress Report describing against the following performance benchmarks: <ul style="list-style-type: none"> <li>Estimated 3.0 GL (LTAAY) works completed cumulative</li> <li>127 outlets treated cumulative</li> <li>10.0 km channel treated cumulative</li> <li>Income and expenditure report</li> </ul>	31 March 2022	\$27m
<b>Milestone Three</b> Progress Report describing against the following performance benchmarks: <ul style="list-style-type: none"> <li>Estimated 8.0 GL (LTAAY) works completed cumulative</li> <li>384 outlets treated cumulative</li> <li>70.0 km channels treated cumulative</li> <li>Issue of independent audit of income and expenditure report for the period ending 30 June 2022</li> </ul>	30 September 2022	\$40m
<b>Milestone Four</b> Progress Report describing against the following performance benchmarks: <ul style="list-style-type: none"> <li>Estimated 12.0 GL (LTAAY) works completed cumulative</li> <li>692 outlets treated cumulative</li> <li>132.0 km channels treated cumulative</li> <li>Income and expenditure report</li> <li>Transfer of water entitlements equivalent to 7.0 GL LTAAY to the CEWH</li> </ul> Water Savings Report 1 <ul style="list-style-type: none"> <li>Audit of 2021-22 water recovery (to verify works to 30 September 2022)</li> </ul>	04 April 2023	\$30m

Table 2: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment
<p><b>Milestone Five</b></p> <p>Progress Report describing against the following performance benchmarks:</p> <ul style="list-style-type: none"> <li>• Estimated 15.9 GL (LTAAAY) works completed cumulative</li> <li>• 1,021 outlets treated cumulative</li> <li>• 254.0 km channels treated cumulative</li> <li>• Income and expenditure report</li> </ul>	31 July 2023	\$4.95m
<p><b>Milestone Six</b></p> <p>Final Report – Completion of the Project describing against the following performance benchmark:</p> <ul style="list-style-type: none"> <li>• Transfer of water entitlements equivalent to 8.9 GL (LTAAAY) to the CEWH</li> <li>• Issue of independent audit of income and expenditure report for the whole project</li> </ul> <p>Water Savings Report 2</p> <ul style="list-style-type: none"> <li>• Final audit of 2022-23 water recovery (to verify all works to 31 July 2023)</li> </ul>	30 April 2024	\$5.55m

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

*Signed for and on behalf of the Commonwealth of Australia by*



**The Honourable Keith Pitt MP**  
Minister for Resources, Water and Northern Australia

[Day] [Month] [Year]

9 / 3 / 2021.

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



~~The Honourable Lisa Neville MP~~  
~~Minister for Water~~

~~[Day] [Month] [Year]~~

The Honourable Richard Wynne MP  
Acting Minister for Water  
28/2/2021