Northern Victoria Irrigation Renewal Project
On Farm Priority Project

Project Schedule VIC003 under the Water Management Partnership Agreement
Northern Victoria Irrigation Renewal Project On Farm Priority Project
Project Schedule Vic 003 - Victorian On-Farm State Priority Project

A. PREAMBLE

This Schedule to the Water Management Partnership Agreement between the Victorian and Australian governments sets out the terms and conditions under which the Commonwealth will fund and Victoria will deliver the Victorian On-Farm State Priority Project.

Capitalised terms in this Project Schedule are defined in Item K of this Project Schedule.

B. Victorian On-Farm State Priority Project

B.1. Summary and duration of Priority Project

B.1.1. This Priority Project involves the State ensuring that the Goulburn Broken Catchment Management Authority (GBCMA) delivers an on-farm funding program within the Goulburn-Murray Irrigation District. In return for the Commonwealth’s provision of the Funding, the State will ensure that the GBCMA provides 10 GL Long Term Cap Equivalent of High Reliability Water Shares (HRWS) to the Commonwealth. At the time of entering into this Project Schedule, the exact number of farms and types of work is still to be determined and will depend on the number and quality of the responses that the GBCMA receives to its call for funding applications.

B.1.2. This Priority Project commences on the date that this Project Schedule is signed by the Commonwealth and ends on 30 May 2014, unless the Commonwealth and the State agree that GBCMA should undertake a second call for funding applications from Irrigators in which case the parties may vary this Project Schedule to reflect the requirements for this second GBCMA funding call. Any costs relating to this second GBCMA funding round that exceed the Project Budget specified in Item D must be met by the State.

B.1.3. This Priority Project, known as the Victorian On-Farm State Priority Project, is part of a package of initiatives related to the re-scoping of the main Northern Victoria Irrigation Renewal Project Stage 2 (NVIRP2) State Priority Project. NVIRP2 was one of the State Priority Projects agreed as part of the COAG Intergovernmental Agreement on Murray-Darling Basin Reform (July 2008).

B.1.4. The State submitted a Business Case for this Priority Project to the Commonwealth on 4 October 2011 and subsequent due diligence clarification was undertaken 11 October to 14 October 2011, including the State providing a written response to the Commonwealth’s draft due diligence report on 13 October 2011. The Commonwealth concluded its due diligence assessment on the business case and provided a final due diligence assessment report to Victoria on 16 October 2011.

B.1.5. The 20GL of Agreed Water Savings generated by this Priority Project will be achieved by funding farmers in the GMID to improve their farm irrigation systems. These Agreed Water Savings will be shared equally between Irrigators and the Commonwealth, with half the Water Savings being Transferred to the Commonwealth Environmental Water Holder and the other half retained by Victorian irrigators.
B.1.6. The maximum possible Funding payable by the Commonwealth to the State for this Priority Project is $43,736,403 (excluding GST).

B.1.7. The balance of the budget will be provided through in kind and cash contributions from Irrigators totalling $4,859,600 (excluding GST) in accordance with the Project Cost at D.1.1.
B.2. Outcomes of the Priority Project

B.2.1. The outcomes that will be used as a basis for the Commonwealth determining the payment of Funds in accordance with Item J are:

a. The achievement of Agreed Water Savings for this Priority Project of 20 GL Long Term Cap Equivalent (LTCE) and the Transfer of 10 GL (LTCE) of unencumbered HRWS to the Commonwealth (which is the Commonwealth's Proportion of the Agreed Water Savings); and

b. The establishment of modernised farm irrigation systems that will result in the adoption of technology and practices that set in place opportunities for sustaining irrigation communities in the Goulburn Murray Irrigation District (GMID) into the future.

B.2.2. Additional outcomes as stated in the State's Business Case are:

a. the annual benefit to the regional economy, expected to be around $57 million;

b. an expectation of an additional 142 jobs in the region;

c. benefits to environment in improving salinity and water quality; and

d. an increase in regional resilience through upgraded assets and retained water savings assisting with productivity.

B.3. Priority Project Requirements

B.3.1. The State agrees to ensure that the delivery of this Priority Project is undertaken in accordance with the requirements of this Project Schedule.

B.3.2. The State agrees:

a. to ensure there is appropriate monitoring, auditing and reporting of expenditure against the Project Cost, delivery of the Works Program, and realisation of Agreed Water Savings to enable the Commonwealth to be kept informed on the progress and outcomes of this Priority Project;

b. that all aspects of the Priority Project will be carried out in accordance with all applicable laws (including, but not limited to, all necessary planning, environmental, workplace health and safety, building and regulatory approvals) and all applicable Australian standards);

c. that it is responsible for ensuring the proper and efficient conduct of this Priority Project notwithstanding the role of GBCMA;

d. to comply with, and ensure that GBCMA, the Irrigators and their subcontractors comply with, the National Code of Practice for the Construction Industry in the performance of the Works, as set out in Attachment 1 to this project schedule;

e. to comply with and ensure that the Proponent (GBCMA) irrigators and subcontractors comply with the requirements of the Australian Government OHS
Accreditation Scheme in the performance of the works, as set out in Attachment 2 to this project schedule;

f. that, if requested, it will facilitate the Commonwealth’s access to the State’s and GBCMA’s records and personnel that relate to this Priority Project, to enable the Commonwealth to conduct an audit or review, by a person appointed by SEWPAC, of any aspect of the Priority Project;

g. that it is responsible for meeting the Milestones, objectives and timeframes specified in this Project Schedule and achieving the Agreed Water Savings at Item E.1 and Transferring Water Shares to the Commonwealth in accordance with Item E.3;

h. to ensure that the processes administered by the GBCMA to select Irrigators whose Works will be Funded under this Priority Project will include steps that assess the proposed Works against clear and justifiable eligibility criteria and selection criteria on a competitive and merit-based basis, with agreed processes to be set out in this Item B of the Project Schedule and the Business Case. The State is required to provide evidence that the process outlined in this Item B is being undertaken in the Reports that it is required to provide under Item C.1.1. and Item I;

i. to provide SEWPAC with a list of proposed Works that the GBCMA recommends be Funded under this Priority Project, prior to any final decision being made by GBCMA or the State as to which Works to Fund, to enable DSEWPAC to check that there is no duplication of funding between this Priority Project and the Commonwealth’s On-farm Irrigation Efficiency Program (OFIEP);

j. to ensure that the GBCMA requires Works Contracts, where applicable, to contain a clause requiring compliance with the National Framework for Non-Urban Water Metering which incorporates the Victorian State Implementation Plan;

k. to ensure that all Irrigators are required to maintain:

i. workers compensation insurance as required by law;

ii. public liability insurance for $20 million per claim or occurrence giving rise to a claim in respect of activities undertaken in relation to the Works; and

iii. insurance against any loss or damage to an asset valued at over $5,000 or more that is created or acquired with the Funding for its full reinstatement or replacement cost;

l. to monitor GBCMA capacity and resources to deliver the Priority Project, and provide early written advice on mitigation strategies, should this issue be likely to impact on either this Priority Project or the Commonwealth’s On-Farm Irrigation Efficiency Program; and

m. to ensure that any Commonwealth proportion of the Agreed Water Savings provided from this Priority Project are exempt from the four per cent limit on water traded out of a district consistent with Rule 25 A of the Water Trading Rules for Declared Water Systems in Northern Victoria.
n. The State must ensure that the Funding paid to an Irrigator does not exceed the amount specified for the Works in the Irrigator’s original application for funding.

o. In addition to this Project Schedule, a separate water transfer contract may be required between the Commonwealth and GBCMA.

B.3.3. The Commonwealth will only undertake the following aspects of this Priority Project;

a. cross-checking of proposed Works for funding duplication under other Commonwealth programs, including the OFIEP; and

b. undertake legal due diligence and the Commonwealth’s own conveyancing activities to affect the Transfer of Water Shares equal to the Commonwealth’s Proportion of the agreed Water Savings to the Commonwealth.
C. Project Milestones

C.1.1. The Project Milestones for this Priority Project are set out in the following table:

<table>
<thead>
<tr>
<th>Milestone Reporting Date</th>
<th>Water Shares transferred to the GBCMA LTCE (GL) - see item C.1.2. below</th>
<th>Water Shares transferred to the Commonwealth (GL) - see item C.1.2. below</th>
<th>In-kind or cash contribution total by Victorian irrigators for this milestone period</th>
<th>$000's</th>
<th>Description of Project Milestone</th>
<th>Evidence of Completed Project Milestone or Performance Measure</th>
<th>Milestone report on % of irrigator contracts signed (cum.)</th>
<th>Milestone report on % of irrigator works commenced/completed (cum.)</th>
<th>Milestone Payment</th>
<th>Milestone budget description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  15-Nov-11 0 0 50</td>
<td>Funding agreement signed</td>
<td>Signed Funding agreement</td>
<td>NA</td>
<td>NA</td>
<td>$3,732,003</td>
<td>M1 Project Management, administration and contingencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  20-Mar-12 0 0 50</td>
<td>Auditable documentation of completed assessment process for all applicants and summary of approved subprojects by the Goulburn Broken Catchment Management Authority (GBCMA)</td>
<td>1. Letter including auditable documentation from the State advising approved subprojects shortlist to be offered funding, subject to Commonwealth probity checking for duplication of subprojects against other Commonwealth programs. 2. Copy of letter from Commonwealth confirming no duplication issues for proposed subprojects.</td>
<td>NA</td>
<td>NA</td>
<td>$7,844,000</td>
<td>M2 (30% contracts executed, 5% projects delivered)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3  11-Jul-12 2 0 1,457,889</td>
<td>2GL LTCE of the Commonwealth’s share of the agreed water are secured by GBCMA ready for consolidation and transfer to the Commonwealth</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of High Reliability Water Shares (HRWS) from individual irrigators to the GBCMA. 2. Progress Project Report as outlined at item 1.1. completed to the satisfaction of the Commonwealth.</td>
<td>30%</td>
<td>5%</td>
<td>$12,550,400</td>
<td>M3 + 2% contingency (additional 40% contracts executed, additional 10% projects delivered)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4  10-Oct-12 4 2 1,943,840</td>
<td>4GL LTCE of the Commonwealth’s share of the agreed water are secured by GBCMA ready for consolidation and transfer to the Commonwealth. 2GL LTCE of HRWS has been transferred to the Commonwealth.</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 4GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrar recording ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth. 3. Progress Project Report as outlined at item 1.1. completed to the satisfaction of the Commonwealth.</td>
<td>70%</td>
<td>20%</td>
<td>$3,922,000</td>
<td>M4 (additional 10% contacts executed, additional 10% projects delivered)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Final between the Commonwealth and the State of Victoria – 15 November 2011
<table>
<thead>
<tr>
<th>Milestone Reporting Date</th>
<th>Water Shares transferred to the GBCMA LTCE (GL) - see Item C.1.2. below</th>
<th>Water Shares transferred to the Commonwealth LTCE (GL) - see Item C.1.2. below</th>
<th>In-kind or cash contribution total by Victorian irrigators for this milestone period $000's</th>
<th>Description of Project Milestone</th>
<th>Evidence of Completed Project Milestone or Performance Measure</th>
<th>Milestone report on % of irrigator contracts signed (cum.)</th>
<th>Milestone report on % of irrigator works commenced/completed (cum.)</th>
<th>Milestone Payment</th>
<th>Milestone budget description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 10-Jan-13  2  4</td>
<td>$485,960</td>
<td>2GL LTCE of the Commonwealth's share of the agreed water are secured by GBCMA ready for consolidation and transfer to the Commonwealth. 4GL LTCE of HRWS has been transferred to the Commonwealth.</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrars recording ownership of 4GL LTCE of HRWS from GBCMA to the Commonwealth. 3 Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
<td>80% 30%</td>
<td>$7,844,000</td>
<td>MS (additional 20% contracts executed, additional 20% project delivered)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 11-Apr-13  2  2</td>
<td>$971,920</td>
<td>2GL LTCE of the Commonwealth's share of the agreed water are secured by GBCMA ready for consolidation and transfer to the Commonwealth. 2GL LTCE of HRWS has been transferred to the Commonwealth.</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrars recording ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth. 3 Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
<td>100% 50%</td>
<td>$4,706,400</td>
<td>M6 (additional 30% projects delivered)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 10-Jul-13  0  2</td>
<td>$0</td>
<td>2GL LTCE of HRWS has been transferred to the Commonwealth.</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth. 2 Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
<td>100% 80%</td>
<td>$950,780</td>
<td>M7 (additional 20% projects delivered)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 30-May-14  0  0</td>
<td>$0</td>
<td>Final Project Report</td>
<td>Final Project Report as outlined at Item I.2. completed to the satisfaction of the Commonwealth.</td>
<td>100% 100%</td>
<td>$2,186,820</td>
<td>M8 final 5% Cwth contribution</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C.1.2. The State agrees to calculate the Agreed Water Savings LTCE at Item E.1. and E.2. using the conversion factors at Item E.3.2. and Item E.3.3 for each Project Milestone.

Final between the Commonwealth and the State of Victoria – 15 November 2011
D. Project Cost

D.1. Project Cost for Priority Project

D.1.1. The Project Cost for the Priority Project including contributions at Item D.2. and Item D.3., is set out in the following table:

<table>
<thead>
<tr>
<th>Victorian On Farm State Priority Project</th>
<th>Financial Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>2011-12 ($ exc GST)</td>
<td>2012-13 ($ exc GST)</td>
</tr>
<tr>
<td>Project Total (excl GST)</td>
<td>11,576,003</td>
<td>33,882,400</td>
</tr>
</tbody>
</table>

D.2. Contribution Components of Priority Project

D.2.1. The parties agree to the following contribution components for this Priority Project:

<table>
<thead>
<tr>
<th>Party</th>
<th>Contribution ($ exc GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Funding</td>
<td>43,736,403</td>
</tr>
<tr>
<td>State Contributions</td>
<td>0</td>
</tr>
<tr>
<td>Other Contributions - in-kind and financial contributions from Irrigators participating in the Priority Project</td>
<td>4,859,600</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>48,596,003</td>
</tr>
</tbody>
</table>

D.3. Other Contributions

D.3.1. The Commonwealth and State agree that the State is required to ensure that the Other Contributions, being cash and in-kind contributions from Irrigators, equivalent to 10% of the total budget for this Priority Project

D.3.2. The State agrees to ensure that other contributions equivalent to 10% of the total budget are provided on the basis of the timeframe in the following table:

<table>
<thead>
<tr>
<th>Source of each Other Contribution</th>
<th>Purpose of each Other Contribution</th>
<th>GST-exclusive amount of each Other Contribution</th>
<th>Date by which each Other Contribution will be evidenced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irrigators</td>
<td>Irrigator in-kind or cash contribution towards the Irrigator's Works</td>
<td>$1,457,880</td>
<td>11 July 2012</td>
</tr>
<tr>
<td>Irrigators</td>
<td>Irrigator in-kind or cash contribution towards the Irrigator's Works</td>
<td>$1,943,840</td>
<td>10 October 2012</td>
</tr>
<tr>
<td>Source of each Other Contribution</td>
<td>Purpose of each Other Contribution</td>
<td>GST-exclusive amount of each Other Contribution</td>
<td>Date by which each Other Contribution will be evidenced</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Irrigators</td>
<td>Irrigator in-kind or cash contribution towards the Irrigator's Works</td>
<td>$485,960</td>
<td>10 January 2013</td>
</tr>
<tr>
<td>Irrigators</td>
<td>Irrigator in-kind or cash contribution towards the Irrigator's Works</td>
<td>$971,920</td>
<td>11 April 2013</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,859,600</td>
<td>The total Other Contribution must be provided by May 2013.</td>
</tr>
</tbody>
</table>

E. Transfer of Water Shares

E.1. Agreed Water Savings

E.1.1. The Agreed Water Savings from this Priority Project are:

<table>
<thead>
<tr>
<th>Agreed Water Saving (LTCE)</th>
<th>Water Characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Gigalitres</td>
<td>Victorian unencumbered HRWS</td>
</tr>
</tbody>
</table>

E.2. The Commonwealth's Proportion of Agreed Water Savings

E.2.1. The Commonwealth's Proportion of the Agreed Water Savings from this Priority Project are:

<table>
<thead>
<tr>
<th>Commonwealth Proportion of the Agreed Water Savings</th>
<th>Amount of Agreed Water Saving to be Transferred (LTCE) to the Commonwealth</th>
<th>Water Characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>10 Gigalitres</td>
<td>Victorian unencumbered HRWS</td>
</tr>
</tbody>
</table>

E.3. Transfer of Water Shares

E.3.1. The State agrees to ensure the permanent Transfer of the unencumbered Water Shares to the Commonwealth, which together equal the Commonwealth's Proportion of the Agreed Water Savings for the Priority Project, in accordance with the table at Item C.1.1.
E.3.2. The State agrees that the Agreed Water Savings LTCE (Item E.1. and Item E.2.) will be calculated using the following conversion factors:

<table>
<thead>
<tr>
<th>Catchment</th>
<th>High reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goulburn</td>
<td>0.939</td>
</tr>
<tr>
<td>Murray (both above and below Choke)</td>
<td>0.957</td>
</tr>
</tbody>
</table>

E.3.3. If the long term diversion limit equivalent factors for Victorian HRWS are finalised by the Murray Darling Basin Authority for the purposes of the final Basin Plan, and they differ from those factors used to calculate Water Shares for this Priority Project at the time this Project Schedule is signed, then the parties will apply the new factors to calculate Water Shares for this Priority Project from that time forward.

E.4. Arrangements between the State or a third party and its Proponents

E.4.1. As this Priority Project requires:

a. the State to use the Funds to provide grants to GBCMA; and

b. GBCMA to use the Funds it receives from the State to make grants to Irrigators for the construction of their Works,

any amount that the Commonwealth may recover from the State under clause 6.3 and/or clause 17 includes:

c. any amount that the State has provided to the GBCMA that has either:
   i. not been spent by the GBCMA; or
   ii. has been spent by the GBCMA but not for this Priority Project in accordance with this Project Schedule; and

d. in respect of an Irrigator who has not completed its Works, the amount of Funding that was paid by the GBCMA to the Irrigator minus the greater of:
   i. the amount of that Funding that is equal to the market value of the Water Share that has been Transferred to the Commonwealth; or
   ii. the sum of that Funding that has been spent is legally due and payable by the Irrigator or is legally and irrevocably committed by the Irrigator in accordance with its Works Contract with GBCMA for work done on the Works up to the earlier of the expiry or termination of its Works Contract.

E.4.2. The State agrees to ensure that the Irrigators do not make an advance payment under any subcontracts for the Works that exceeds 50% of the value of the subcontract.

E.4.3. The State also agrees to ensure that where an Irrigator completes its Works in accordance with its Works Contract with, and to the satisfaction of GBCMA, and the cost of those completed Works is less than the total amount of Funding specified in the Irrigator’s Works Contract, the GBCMA will only pay the Irrigator the part of the final 40% payment under the Works Contract that is required to reimburse the Irrigator for the costs it actually incurred in completing the Works.
E.4.4. For the purpose of Clause 6.1.9, any interest that the GBCMA earns on the Funds is to be treated as interest earned by the State and becomes part of the Funds provided by the Commonwealth for the Priority Project and may only be spent on this Priority Project and then only with the prior approval by the Commonwealth.

E.4.5. The State will ensure that:

a. the GBCMA only provides a payment of Funding to an Irrigator for the Irrigator's Works and then only after the Irrigator has signed a valid Works Contract with GBCMA;

b. the GBCMA obtains Water Shares from Irrigators, consolidates those Water Shares and then permanently Transfers the consolidated and unencumbered Water Shares to the Commonwealth in accordance with the requirements of this Project Schedule;

c. the GBCMA's Water Transfer Contracts with the Irrigators include provisions as set out in this Agreement relating to the characteristics of Water Shares to be Transferred to the GBCMA for consolidation and subsequent Transfer to the Commonwealth;

d. the GBCMA undertakes an audit of the On-Farm works prior to making the final payment.

e. irrigators participating in this Priority Project:

i. enter into Works Contracts and Water Transfer Contracts with GBCMA that, among other things, requires the Irrigator to agree that it will not make a claim against GBCMA, the State or the Commonwealth in respect of any liability that any of them may have arising out of any injury suffered by, or death of, an Irrigator or its employees, agents or contractors as a result of performing the Irrigator's Works; and

ii. provide the balance of the budget through in-kind and cash contributions totalling $4,859,600 (excluding GST) in accordance with the Project Cost at D.2.1. and D.3.

E.4.6. In addition to item E.4.5 the State also agrees:

a. to ensure that the GBCMA consolidates and Transfers Water Shares equal to the Commonwealth's Proportion of the Agreed Water Savings to the Commonwealth in accordance with section 33Z and 33S respectively of the Water Act 1989 (Vic) and the requirements of this Agreement.

b. As provided for in Item E.3.1, the progressive Transfer of Water Shares will be in accordance with Item C.1.1

E.4.7. The State will ensure that the Agreed Water Savings are generated directly from Works by:

a. validating the design and feasibility of each Works proposal, by requiring each Irrigator to submit a whole farm plan (WFP) as part of its funding application and
inspecting the WFP that is submitted to ensure it meets current best practice standards.

b. using the Farm Water Savings Calculator that has been designed for similar projects and peer reviewed in 2010 or updated later as necessary.

E.4.8. The State and the Commonwealth agree to follow the key approval and water Transfer processes for this Priority Project in the detailed process diagrams at Attachment 3 and Attachment 4.

F. Reserved

G. Reserved

H. Indemnity

H.1.1. Notwithstanding any other provision of this Agreement, the State agrees to indemnify, and keep indemnified, the Commonwealth against any cost, liability, loss or expense incurred by the Commonwealth:

a. in rectifying any environmental damage; or

b. in dealing with any third party (including Commonwealth Personnel) claims against the Commonwealth, which includes without limitation the Commonwealth’s legal costs and expenses on a solicitor/own client basis and the cost of time spent, resources used and disbursements paid by the Commonwealth,

arising from any act or omission by the State or its Personnel in connection with the Priority Project specified in this Project Schedule.

H.1.2. The State’s liability to indemnify the Commonwealth under this Item H will be reduced proportionally to the extent that any fault on the Commonwealth’s part contributed to the relevant cost, liability, loss or expense. In this Item H.1.2, ‘fault’ means any reckless, negligent or unlawful act or omission or wilful misconduct.

H.1.3. The right of the Commonwealth to be indemnified in this Item H is in addition to, and not exclusive of, any other right, power or remedy provided to the Commonwealth by law, but the Commonwealth is not entitled to be compensated in excess of the relevant cost, liability, loss or expense.

I. Project Reports

I.1. Progress Project Reports

I.1.1. Each Progress Report must demonstrate evidence of project management and contract management activities, progress and performance of the Priority Project, and financial management, and must contain the following information:

a. a description of actual performance of the Priority Project to date against the outcomes of the Priority Project (as specified in Item B.2 of this Project Schedule), including information and evidence to demonstrate the State’s completion of the
Project Milestones that were due for completion during the period that is the subject of this Progress Report, according to Item C.1.1 of this Project Schedule;

b. information about the number of farms and types of Works that are to be, and have been, undertaken for this Priority Project and their progress of works;

c. a statement of the Water Shares that have been Transferred to the GBCMA and the Water Shares that are expected to be Transferred to it in the next Reporting Period;

d. an income and expenditure statement of the Funding for the Priority Project to date against the Project Cost specified in Item D.1.1 for this Priority Project. This statement must include both the State’s and GBCMA’s receipt and expenditure of the Funds for the Priority Project;

e. a statement of the interest earned by the State and the GBCMA to date on the Funds provided to them for the Priority Project;

f. any promotional activities undertaken by the State or GBCMA in relation to, and media coverage of, the Priority Project during the Period and any such proposed promotional activities during the next Period; and

g. any other items that are agreed by the State and the Commonwealth to be included in the progress Report.

I.2. Final Project Report

I.2.1. The final Project Report must be a stand-alone document that can be used for public information dissemination purposes regarding this Priority Project. The final Project Report for the Priority Project is due at the earliest of:

a. 30 May 2014; or

b. two months after the completion of the Priority Project; or

c. two months after the termination of this Project Schedule or the Agreement.

I.2.2. The final Project Report will contain information that:

a. describes the conduct, benefits and outcomes of the Priority Project as a whole;

b. evaluates the Priority Project, including assessing the extent to which the outcomes of the Priority Project have been achieved and explaining why any aspect of the Priority Project was not achieved;

c. provides detailed financial information regarding the total Project Cost, Funding, and Other Contributions for the Priority Project;

d. summarises all promotional activities undertaken in relation to, and media coverage of, the Priority Project;

e. includes a discussion of any other reasonable matters, relating to the Priority Project, which the Commonwealth notifies the State should be included in this final Project Report at least 30 Business Days before it is due; and

f. any other items that are agreed by the State and the Commonwealth will be included in the Final Report.
I.2.3. The Final Project Report should be accompanied by a certified income and expenditure statement signed by a delegated officer of the State’s Office of Water that clearly identifies:

a. the amount of interest earned by the State on the Funding;
b. confirmation that all Funding paid to the State and the GBCMA (and any interest earned by the State and the GBCMA on the Funds) was spent by the State in accordance with this Project Schedule;
c. any financial or in-kind State Contributions;
d. any Other Contributions that were provided for the Priority Project;
e. any cost savings or cost overruns for the Priority Project; and
f. advice on the amount of any Funds paid to the State, GBCMA or an Irrigator that is to be returned by the State to the Commonwealth in accordance with this Agreement, including Item E.4.1.


The State is required to provide an audited financial Report to DSEWPAC in respect of this Priority Project at the times, and containing the information, specified in Item C of Schedule 4 of the Agreement.

I.4. Prompt Dealing with Reports

I.4.1. The Commonwealth agrees to assess Reports within the follow timeframes:

a. within 25 Business Days of a Report being first received (note that, if additional information, clarification or amended reports are required a proportionate additional amount of time will be added to the assessment period); and

b. within 15 Business Days of an amended Report being submitted if clarifications are required to meet the Commonwealth’s reasonable satisfaction.

I.4.2. The State agrees to submit an amended Report if clarifications are required to meet the Commonwealth’s reasonable satisfaction

a. within 25 Business Days of a clarification being first requested by the Commonwealth; and

b. within 15 Business Days of a subsequent clarification being requested by the Commonwealth.

J. Payment Schedule for Funding for Priority Project

J.1.1 Subject to the terms of items B.1.6 and Items D.2. and D.3., the maximum possible GST-exclusive amount of Funds payable by the Commonwealth to the State in respect of this Priority Project is $43,736,403 which shall be paid in instalments, and on the completion of the Payment Preconditions, specified in the following table and Item C.1.1. Each payment of Funds is due within 32 Business Days after the date that the State is assessed as having completed all of the Payment Preconditions relating to that payment and has provided the Commonwealth with a milestone report to the satisfaction of the Commonwealth and an invoice for that payment of Funds.

Final between the Commonwealth and the State of Victoria – 15 November 2011
<table>
<thead>
<tr>
<th>Funding Payment Number</th>
<th>GST-exclusive amount of the Funding Instalment</th>
<th>Payment Preconditions for Funding Instalment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$3,732,003</td>
<td>Signing of Agreement</td>
</tr>
<tr>
<td>2</td>
<td>$7,844,000</td>
<td>1. Letter including auditable documentation from the State advising approved subprojects shortlisted to be offered funding, subject to Commonwealth probity checking for duplication of subprojects against other Commonwealth programs. 2. Copy of letter from Commonwealth confirming no duplication issues for proposed subprojects.</td>
</tr>
<tr>
<td>3</td>
<td>$12,550,400</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of High Reliability Water Shares (HRWS) which was transferred from individual irrigators to the GBCMA. 2. Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
</tr>
<tr>
<td>4</td>
<td>$3,922,000</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 4GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrar recording ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth. 3. Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
</tr>
<tr>
<td>5</td>
<td>$7,844,000</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrar recording ownership of 4GL LTCE of HRWS from GBCMA to the Commonwealth. 3. Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
</tr>
<tr>
<td>6</td>
<td>$4,706,400</td>
<td>1. Copy of Record by Victorian Water Registrar recording the ownership of 2GL LTCE of HRWS from individual irrigators to the GBCMA. 2. Copy of Record by Victorian Water Registrar recording ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth. 3. Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth.</td>
</tr>
<tr>
<td>Funding Payment Number</td>
<td>GST-exclusive amount of the funding instalment</td>
<td>Payment Preconditions for Funding instalment</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
</tbody>
</table>
| 7                      | $950,780                                       | 1. Copy of Record by Victorian Water Registrar recording ownership of 2GL LTCE of HRWS from GBCMA to the Commonwealth.  
2. Progress Project Report as outlined at Item I.1. completed to the satisfaction of the Commonwealth. |
| 8                      | $2,186,820                                     | Final Project Report as outlined at Item I.2. completed to the satisfaction of the Commonwealth. |

J.1.2. The Payment Preconditions for each payment of Funds under this Project Schedule are:

a. conformance with all the requirements for the Priority Project specified in this Project Schedule, including the completion of the Project Milestone(s) specified in Item C.1.1 for that payment of Funds;

b. evidence of Other Contributions due under Item D.2 and Item D.3 up to the Funding payment date; and

c. The receipt and acceptance by the Commonwealth of the relevant progress Project Report as per Item C.1.1 and all previous Reports required under this Project Schedule.

J.1.3. There will be no payment of Funds for partial performance against a Milestone.

K. Definitions

K.1.1. Except to the extent otherwise indicated in this Item K, capitalised terms in this Project Schedule have the same meaning as in Clause 18.4 of the Water Management Partnership Agreement between the Commonwealth and the State of Victoria dated 11 January 2010 (the Agreement).

K.1.2. For the purpose of this Project Schedule only, the terms specified in this Item K.1.2 have the following meaning:


b. “Basin Plan” The Basin Plan will be a high-level plan to ensure the water resources of the Murray–Darling Basin can be managed in an integrated and sustainable way.

c. “Business Case” means the documents submitted by the State to the Commonwealth on 4 October 2011, to enable the Commonwealth to conduct a Due Diligence assessment of this Priority Project in accordance with Clause 5.1.2.a;

d. “Clause” means a clause in the Agreement;

e. “DSEWPA” means the Commonwealth Department of Sustainability, Environment, Water, Population and Communities
f. "GBCMA" means the Goulburn-Broken Catchment Management Authority, the delivery partner engaged by the State to deliver this Priority Project. The GBCMA was established in 1997 as the peak natural resource management body in the Goulburn-Broken catchment to develop and oversee the implementation of the Regional Catchment Strategy;

g. "GL" means gigalitre which is 1,000,000,000 litres;

h. "GMID" means the Goulburn Murray Irrigation District in Victoria, including the irrigation supply system operated by Goulburn-Murray Water Corporation;

i. "HRWS" means High Reliability Water Shares, Issued under Division 2 of Part 3A of the Water Act, being the highest reliability legally recognised, secure Entitlement to a share of water available in declared water systems as defined in the Water Act.;

j. "Irrigators" means the individual farmers in the GMID who successfully apply for Funding from the GBCMA to undertake Works as part of this Priority Project;

k. "Item" refers to an Item in this Project Schedule;

l. "Long Term Cap Equivalent" or "LTCE" means the expression of annual water volumes in terms of the volume of water that could be expected to result from average deliveries under longer term climatic sequences;

m. "ML" means megalitre which is 1,000,000 litres;

n. "NVIRP" means the State-Owned Enterprise for Irrigation Modernisation in Northern Victoria, trading as Northern Victoria Irrigation Renewal Project, which was established by an Order in Council on 20 December 2007 as a State body under section 14 of the State-Owned Enterprises Act 1992 (Vic);

o. "OFIEP" means the On-farm Irrigation Efficiency Program, a part of the Sustainable Rural Water Use and Infrastructure component of Water for the Future, an Australian Government initiative aimed at assisting irrigators in the Lachlan and southern connected system of the Murray-Darling Basin to modernise their on-farm irrigation infrastructure while returning water savings to the environment;

p. "Priority Project" as described in this Project Schedule refers to the Victorian On-farm project;

q. "Proponent" includes GBCMA and the Irrigators;

r. "State" means the State of Victoria;

s. "Sub-contractors" means the individuals or organisations engaged under contract by the State or a Proponent to assist in the delivery of the Priority Project, for example, field officers;

t. "Transferred" means, in respect of a Water Share, to permanently transfer all right, title and interest in that Water Share;

u. "Water Act" means the Water Act 1989 (Vic);

v. "Water Farm Plans" means a plan which provides detailed layout and design information of the proposed change in farm irrigation systems
w. “Water Savings” means the water savings that are generated as a result of Works;

x. “Water Savings Calculator” means a matrix tool used to calculate water savings from a mix of technology, soil types and crop types

y. “Water Share” means a water share issued under Division 2 of Part 3A of the Water Act;

z. "Water Transfer Contract" means the contract under which the GBCMA provides an Irrigator with Funding to complete the Irrigator’s Works as part of this Priority Project;

aa. "Works" means the replacement, upgrade or modification of an Irrigator’s privately-owned on-farm irrigation assets and which includes approvals, construction, commissioning and any other activities directly necessary for the completion of that replacement, upgrade or modification; and

bb. "Works Contract" means the contract under which an Irrigator provides Water Shares to the GBCMA as part consideration for the GBCMA Funding the Irrigator’s Works.
By signing this document, the parties to the Agreement dated 11 January 2010 agree that this document will be incorporated into the Agreement as a Project Schedule on and from the date the Commonwealth signs this document.

SIGNED for and on behalf of the Commonwealth of Australia by:

MARY HARWOOD

Name of signatory

Signature

22 November 2011

In the presence of:

CLARE GREEN

Name of witness

Signature of witness

SIGNED for and on behalf of the State of Victoria by:

PETER WALSH MLA

Name of signatory

Signature

In the presence of:

LUKE O'SULLIVAN

Name of witness

Signature of witness
ATTACHMENT 1: Requirements relating to the National Code of Practice for the Construction Industry

1.1. Interpretation

1.1.1. In this Attachment 1:


Project Parties means all Proponents, contractors, subcontractors, consultants and employees who perform on-site work in relation to this Priority Project, including the Works.

1.2. Compliance with Code

1.2.1. The State is required to comply and ensure that the Project Parties comply with the Code and Guidelines.

1.2.2. The Guidelines require the State to ensure that:

a. all requests for application or tender, expressions of interest, submissions and invitations to join 'Common Use Arrangements' in relation to the Priority Project made by it or any of the Project Parties contain the commitment to apply the Code and Guidelines as set out in the model tender documents available at: http://www.deewr.gov.au/WorkplaceRelations/Policies/BuildingandConstruction/Pages/default.aspx; and

b. all agreements and contracts entered into in relation to the Priority Project by it or any of the Project Parties contain the commitment to apply the Code and Guidelines as set out in the model contract clauses available at: http://www.deewr.gov.au/WorkplaceRelations/Policies/BuildingandConstruction/Pages/default.aspx.

1.3. Recipient must maintain Records and permit access

1.3.1. The State is required to maintain adequate records of compliance by it and each of the Project Parties with the Code and the Guidelines. The State is required to permit the Commonwealth or any person authorised by the Commonwealth, including a person occupying a position in the Office of the Australian Building and Construction Commissioner, full access to premises and records of the State and the Project Parties to:
a. inspect any work, material, machinery, appliance, article or facility;

b. inspect and copy any record relevant to the Priority Project and Works governed by this Agreement;

c. interview any person,

as is necessary to monitor compliance with the Code and the Guidelines.

Additionally, the State undertakes that it and each of the Project Parties will agree to a request from the Commonwealth, including a person occupying a position in the Office of the Australian Building and Construction Commissioner, to produce a specified document within a specified period, in person, by fax, or by post.

1.3.2. The Commonwealth and those authorised by it may publish or otherwise disclose information in relation to compliance by the State and the Project Parties with the Code and the Guidelines. The State is required to obtain the consent of the Project Parties to the publication or disclosure of information under this clause.

1.4. Appointment of sub-contractors

1.4.1. While acknowledging that value for money is the core principle underpinning decisions on government procurement, when issuing tenders the State may preference Proponents, contractors, subcontractors and consultants that have a demonstrated commitment to:

a. adding and/or retaining trainees and apprentices;

b. increasing the participation of women in all aspects of the industry; or

c. promoting employment and training opportunities for Indigenous Australians in regions where significant Indigenous populations exist.

1.4.2. The State agrees not to appoint a Proponent, contractor, subcontractor or consultant in relation to the Priority Project where:

a. the appointment would breach a sanction imposed by the Commonwealth Minister for Employment and Workplace Relations; or

b. the Proponent, contractor, subcontractor or consultant has had a judicial decision against them relating to employee entitlements, not including decision under appeal, and has not paid the claim.
ATTACHMENT 2: Requirements relating to the Australian Government OHS Accreditation Scheme

1.1. Interpretation

1.1.1 In this Attachment 2:

BCII Act means the Building and Construction Industry Improvement Act 2005

Building Work has the meaning given to it by section 5 of the BCII Act

Scheme means the Australian Government Building and Construction OHS Accreditation Scheme established by the BCII Act.

1.2. OHS Accreditation Scheme requirements

1.2.1 Subject to the exclusions specified in the Building and Construction Industry Improvement (Accreditation Scheme) Regulations 2005, the State agrees to ensure that all of its subcontracts (including with Proponents) valued at $3 million or more and requiring Building Work related to this Priority Project:

a. are notified to the Office of the Federal Safety Commissioner at the earliest possible opportunity; and

b. contain a requirement that the contractor:

   i. is accredited under the Scheme;

   ii. maintains Scheme accreditation for the life of the contract; and

   iii. must comply with all conditions of the Scheme accreditation.