

NORTHERN VICTORIA IRRIGATION RENEWAL PROJECT STAGE 2

Project Schedule

Signed on 18/10/2011

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 Stage 2 the Northern Victoria Irrigation Renewal Project (NVIRP2).

B. Priority Project VIC-02: *Northern Victoria Irrigation Renewal Project*

B.1. Summary and duration of the Priority Project

- B.1.1. This Priority Project commences on the date this Schedule is signed by the Commonwealth and is to be completed by 30 June 2018.
- B.1.2. The State submitted a Business Case for the NVIRP Stage 2 Priority Project to the Commonwealth on 1 March 2010, including updates to a number of critical areas of information submitted by the State to the Secretary, SEWPaC, on 2 July 2010.
- B.1.3. The Commonwealth concluded its Due Diligence assessment on the Business Case and provided a Due Diligence Assessment Report to Victoria on 1 November 2010.
- B.1.4. The GST-exclusive Project Cost for the Priority Project is \$1,059,024,000 which includes maximum GST-exclusive Funding from the Commonwealth of \$952,780,000 and minimum State Contribution from Victoria of \$106,244,000.
- B.1.5. The total project cost at B.1.4 above included, as part of the due diligence decision, an amount of \$105,978,545 which was subject to further approval. This is described further in Items B.1.6.b and B.1.6.c.ii below.
- B.1.6. The Priority Project has six Components, which are set out below:
 - a. The Connections Program (expected cost \$785,508,000);
 - b. Backbone Modernisation Projects (expected cost \$88,829,000), including an Improvement Project that may occur as a result of further information to be provided to the Commonwealth and subject to clause B.1.8.a (expected cost \$63,339,000);
 - c. Water Savings and Environmental Projects (expected cost \$69,330,000), including:
 - i. Water savings and environmental projects feasibility studies (expected cost \$4,640,000);
 - ii. Water savings and environmental projects that may occur as a result of the feasibility studies at i above and subject to clause B.1.8 (expected cost \$42,639,545);
 - d. Water Savings Investigations (expected cost \$900,000);
 - e. Planning and Compliance Projects (expected cost \$19,890,000); and
 - f. Corporate and Project Management Overheads (expected cost \$94,567,000).

- B.1.7. Further information about the project Components are contained within the Project Charter.
- B.1.8. The provision of Funding specified at B.1.6.b and B.1.6.c.ii above for each of the projects specified in the Project Charter is subject to the Commonwealth being satisfied that:
- a. on the basis of information to be submitted by the State, the Backbone Improvement project (\$63,339,000) specified at B.1.6.b:
 - i. has a reasonable likelihood of achieving a minimum of 9.50 GL LTCE Water Savings, and
 - ii. demonstrates value for money in the context of the original funding decision.
 - b. the feasibility studies specified at B.1.6.c.i establishes the case for each project to proceed. To the extent that the Commonwealth does not agree to provide any part of the Funding specified in Item B.1.6.c.ii, that amount of unapproved Funding can be used for alternative water savings and environmental projects that are acceptable to both parties. The State acknowledges that the Commonwealth will not agree to any alternative project unless it is satisfied that it will make an appropriate contribution towards the water saving outcome for the entire group of projects that is, at least 8.87GL LTCE Water Savings along with other benefits that are equivalent to or better than was projected for the original projects in the Business Case.
 - c. As additional projects are agreed relevant milestones will be added to the payment schedule at J.1.5.
- B.1.9. The revised distribution for the second 102 GL LTCE is recognised as being different to the project arrangements that were proposed in the Business Case, and agreed in the Commonwealth's Due Diligence report, for the Priority Project. The parties agree that this Project Schedule can proceed irrespective of how arrangements for ownership of the second 102 GL LTCE of Water Savings proceed.

B.2. Outcomes of the Priority Project.

- B.2.1. The outcomes which will be used as the basis for the Commonwealth determining the payment of Funds in accordance with Item J are:
- a. the achievement of Water Savings totalling 204 GL LTCE, including 102 GL LTCE of Water Savings to the Commonwealth, in the form of secure Water Share.
 - b. other outcomes as established below:

No.	Outcomes	Notes on Outcomes
1	Long term system efficiency of 85%.	<p>Based on delivery of 100% of allocation in that year and long term cap equivalent deliveries up to 2004/05 (NVIRP base year).</p> <p>Methodology to be determined by the Strategic Overview Committee and will be outlined in the Project Charter.</p>
2	Transfer to the Backbone and/or retire up to 5,300 ML/d of Delivery Shares.	<p>For the purposes of measuring achievement of this outcome performance measure, the removal of delivery share from the non-backbone, is defined by reference to the customer agreeing in an executed legal agreement to shift the delivery share to a backbone service point or to terminate the delivery share.</p>
3	Uniformity of flow through automated meters of +/- 10% for 90% of time.	<p>Based on statistically valid representative sample of irrigation events through automated meter outlets installed under this agreement where on-farm restrictions do not impede flow. Note not all meter outlets will be automated.</p> <p>The sample size will be based on AS 3565.4, "Meters for Water Supply in Service Compliance Testing".</p>
4	Installation of up to 5,900 new compliant meters (including D & S) that are 100% compliant.	<p>Compliant meters as defined in the National Framework for Non-urban Water Metering Victorian State Implementation Plan.</p> <p>The number provided is an upper limiting number. The actual number installed may be less than this if the rate of meter rationalisation is greater than forecast in the business case. It is of benefit to the project if additional meters are identified for rationalisation and less meters are installed.</p>
5	Remediate up to 77 km of channel pool.	<p>The length of remediation is measured by reference to the G-MW GIS system assessed length of the channel pool remediated consistent with the methodology used to develop the Business Case.</p>

No.	Outcomes	Notes on Outcomes
6	Rationalise up to 2,259 km of channel.	Covering both closure and transfer to private ownership. It is of benefit to the project if additional channel is identified for rationalisation.
7	Construct the Kow Swamp - Box Creek Fishway	Construct Box Creek Fishway in 2015.
8	Environmental Delivery to One and Two Tree Swamps	Assess capacity of Wanalta Creek and undertake works in 2013.
9	Decommission Mitchells flume and upgrade alternate supply channels.	Decommission flume and upgrade alternate supply channels in 2014.
10	Increase capacity of Torrumbarry Channels 1 and 6/1 and regulation water down Channel 1 and Upgrade Pigatto's outfall.	Decommission flume and upgrade alternate supply channels in 2014. Upgrade channel structures and Pigatto's outfall in 2014.

B.2.2. Other specific Priority Project outcomes will be monitored to ensure the delivery of the project as outlined in the Business Case and addenda documents submitted on 2 July 2010 to the Secretary, SEWPaC. The specific outcomes to be monitored and reported as part of a Progress Report are:

No.	Outcomes	Notes on Outcomes
11	Remote control operation of the automated system for 24 hrs/day during the irrigation season target is 95% compliance.	Based on a statistically valid representative sample of new automated structures installed under this agreement - The sample size will be based on AS 3565.4, "Meters for Water Supply in Service Compliance Testing".
12	Water available and delivered within 24 hours of ordering -95% of time.	Based on a statistically valid representative sample of customer orders through irrigation meters installed under this agreement where the delivery of the order is not impacted by capacity constraints in the channel system.

No.	Outcomes	Notes on Outcomes
		The sample size will be based on AS 3565.4, "Meters for Water Supply in Service Compliance Testing".
13	Positive salinity outcomes arising from removal of water and Delivery Shares together with associated Water Use Licences from those properties identified as not having a long term future in intensive irrigation.	A report at the conclusion of the project that would use basin modelling to demonstrate a positive salinity outcome.
14	Setting aside sufficient mitigation water to ensure no net impacts due to the project on high environmental values as determined by approved Environmental Watering Plans.	With reference to Environmental Watering Plans

- B.2.3. The Parties recognise that there will also be flow-on benefits to the community arising from this Priority Project, as outlined in the Business Case. These benefits will be tracked as part of the Priority Project reporting throughout and at the end of the Priority Project.

B.3. Priority Project Requirements

- B.3.1. The State and the Commonwealth recognise that the State has undertaken to ensure that any significant Salinity Credits and/or Debits from this Priority Project will be administered as accountable actions and entered into the Murray Darling Basin Authority's Salinity Registers and will accrue to the Commonwealth and the State in proportion to their overall financial contribution to the whole Priority Project. Monitoring and reporting for this Item B.3.1 will be through the Basin Salinity Management Strategy reporting processes as required under the Schedule B of the Murray-Darling Basin Agreement.

- B.3.2. The State agrees:

- a. to be responsible for managing the Priority Project delivery risks, and will provide appropriate reporting on the delivery of Water Savings and other outcomes specified in Item B.2.1;
- b. that the Priority Project will be carried out in accordance with all applicable laws and regulations (including, but not limited to, planning, environmental, occupational health and safety, building and regulatory approvals) and all applicable Australian standards;
- c. that the supply of water to the Commonwealth will not affect the rights of any other holders of Water Entitlements;
- d. to be responsible for ensuring the proper and efficient conduct of the Priority Project;

- e. to ensure that no Commonwealth Funding or State Contributions for this Priority Project are used to purchase any Water Entitlements;
- f. to only acquire property (including without limitation land, Entitlements, Delivery Share of Water Use Licences) for, or in the course of, this Priority Project with the property transferor's prior consent to the proposed acquisition;
- g. to comply, and ensure that the Proponent and its subcontractors comply, with all requirements of the *National Code of Practice for the Construction Industry* in the performance of Works as set out in Attachment 1 to this Project Schedule;
- h. to comply with, and ensure that the Proponent and its subcontractors comply, with the requirements of the *Australian Government OHS Accreditation Scheme* in the performance of Works as set out in Attachment 2 to this Project Schedule.;
- i. to ensure that GMW will waive termination fees for Delivery Share holders surrendering Delivery Share under this Priority Project;
- j. to ensure that all Backbone Works can be demonstrated as utilising best practice techniques (e.g. channel lining considering native animal impact);
- k. to ensure that no part of the Commonwealth Funding or State Contributions provided under this Priority Project is spent by the State, NVIRP or any other person on legal advice regarding
 - i. the development or operation of this Schedule; or
 - ii. any other arrangements or actions involving the Commonwealth;
- l. that if requested, it will facilitate the Commonwealth's timely access to the State's, NVIRP's and GMW's records and personnel, only to the extent that the access relates to this Priority Project, to enable the Commonwealth to conduct an audit or review as specified in Item I.4 by its own appointed delegate of any aspect of the Priority Project;
- m. to ensure that any contract that the State has with its Proponents contain a requirement that the Proponents give the Commonwealth access to the Proponent's accounts and records in the same way the State is required to do under Clause 12.2.3; and
- n. the Commonwealth is not required to perform any aspect of this project.

B.3.3. The Commonwealth and State agree that:

- a. in mid-to-late 2014, the Commonwealth and the State will jointly review the Connections Program Component (Item B.1.6.a) to determine whether the forward program of Works needs to change, including in light of the Basin Plan and the removal of the State's four per cent trade restriction;
- b. the terms of reference for this review are set out in the Project Charter and, following consultation with Victoria, and the Commonwealth's reasonable satisfaction with this review and its outcomes, they will be a Payment

Precondition for any further payments after the commencement date of the review.

B.4. Project Governance

- B.4.1. The Priority Project will be monitored by a Strategic Overview Committee which will comprise representatives from:
- a. Commonwealth Department of Sustainability, Environment, Water Population and Communities;
 - b. Department of Sustainability and Environment, Victoria;
 - c. Northern Victoria Irrigation Renewal Project; and
 - d. Goulburn-Murray Water.
- B.4.2. The Strategic Overview Committee (SOC) is a consultative body. It does not have any decision-making responsibility for the Priority Project.
- B.4.3. It will be the responsibility of each SOC member to report the outcomes of meetings to their respective departments and organisations.
- B.4.4. The functions and responsibilities of the SOC will be to:
- a. monitor the progress of the Priority Project to ensure the scope is retained within the approval provided by the Commonwealth;
 - b. monitor the progress of the Priority Project against the key project outcomes in Item B.2.1.b, B.2.2. and Item J.1.5;
 - c. provide a forum for review of and/or guidance on key project issues or processes;
 - d. help facilitate a 2014 review of the Connections Program Component (Item B.1.6.a);
 - e. receive information about any non-compliance of the Priority Project with environmental, regulatory, planning or other legal requirements; and
 - f. provide a forum for initial discussions about any potential upcoming variations to the Project Schedule, or any other possible changes to the Priority Project, that might be being contemplated by a party.
- B.4.5. The Chair of the SOC will be from Victoria. The Secretariat will be provided by Victoria. Additional members may be appointed by consensus of the SOC.
- B.4.6. The SOC would be expected to meet at least twice annually with additional meetings to resolve critical issues as required. The SOC will not have the authority to bind or otherwise affect the rights and obligations of Victoria or the Commonwealth, and no action of the SOC will, or be deemed to, have the effect of amending the Project Schedule for the NVIRP2 project.

B.5. Project Charter

- B.5.1. A Project Charter has been agreed between the Commonwealth and the State.
- B.5.2. The Project Charter will provide a detailed description of what each of the Components at B.1.6 involve, so as to provide the Commonwealth with

sufficient detail to understand what it is investing in, but without providing input controls on how Victoria delivers the project.

- B.5.3. For the purposes of Clause 16.1, the parties agree that the Project Charter may be amended by the written agreement (including in an exchange of letters or emails) of:
- a. Deputy Secretary Water Group, Australian Government Department of Sustainability, Environment, Water, Population and Communities or another person nominated by the Commonwealth; and
 - b. Deputy Secretary, Water Group, Victorian Department of Sustainability and Environment or another person nominated by the State.

B.6. Proponents

- B.6.1. As this Priority Project requires the State to provide payments from the Funds directly to the Proponent, any amount that the Commonwealth may recover from the State under Clause 6.3 and/or Clause 17 includes any amount that the State has provided to the Proponent that has either:
- a. not been spent or Legally Committed used by the Proponent; or
 - b. been used by the Proponent other than
 - i. for this Priority Project; and
 - ii. in accordance with the Proponent's agreements with the State.
- B.6.2. For the purpose of Clause 6.1.9, any interest that the Proponent earns on the Commonwealth Funds is to be treated as interest earned by the State and becomes part of the Commonwealth Funds provided for the Priority Project and may only be spent on this Priority Project and then only with the prior approval by the Commonwealth.

C. Milestones

- C.1.1. The agreed Project Milestones for the Priority Project are set out in Item J.1.5.

D. Project Cost and Contributions

D.1. Project Cost for Priority Project

- D.1.1. The GST-exclusive Project Cost for this Priority Project is set out in the following table:

Northern Victoria Irrigation Renewal Project Stage 2 – Vic02	
	Cost (excl GST)
Commonwealth Funding	\$952,780,000
State Contributions	\$106,244,000
Project Cost (excl GST)	\$1,059,024,000

- D.1.2. The Project Cost is allocated as follows between the parties for each financial year of the Priority Project:

PAYMENT DATE	COMMONWEALTH FUNDING (\$ '000)	STATE CONTRIBUTION (\$ '000)
On signing	150,000.0	
3 January 2012	6,371.7	887.5
1 July 2012	19,115.2	2,662.5
1 July 2013	136,636.6	19,031.4
1 July 2014	199,329.6	27,763.7
1 July 2015	181,574.9	25,290.7
1 July 2016	165,154.2	23,003.5
1 July 2017	54,597.8	7,604.7
10 July 2018	40,000.0	
TOTAL	952,780.0	106,244.0

- D.1.3. The State is required to cover any expenditure in excess of the Project Cost that is required to complete this Priority Project.
- D.1.4. Any financial assistance that the State has received from the Commonwealth is not to form part of the State Contribution.

E. Agreed Water Savings and Water Savings

E.1. Determination of Water Savings

- E.1.1. The State is required to ensure that NVIRP has in place arrangements for accurately identifying and measuring Water Savings from the Priority Project.

- E.1.2. All calculations of Water Savings shall be carried out using the “*Water Savings Protocol, The Technical Manual for the Quantification of Water Savings*” published by the Department of Sustainability and Environment, Victoria.
- E.1.3. Conversions from Long Term Cap Equivalent to Entitlement or vice versa has been carried out using the following factors:

Reliability Factors Applicable at Commencement		
Catchment	High reliability	Low Reliability
Goulburn	0.939	0.488
Murray (both above and below Choke)	0.957	0.519

- E.1.4. If long term diversion limit equivalent factors for Victorian high and low reliability water shares 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 NVIRP2 at the time this agreement is signed, then the parties will apply the new factors to calculate water shares for NVIRP2 from that time forward.,
- E.2. Agreed Water Savings (Clauses 5.2.3 and 5.2.4)**
- E.2.1. The Agreed Water Savings from this Priority Project are set out in the following table with reference to the factors at E.1.3 above.

Period Date	Issue Number	TOTALS		Goulburn System		Murray System				Agreed Water Savings LTCE
						Above the Choke		Below the Choke		
		High Reliability Water Share GL	Low Reliability Water Share GL	High Reliability Water Share GL	Low Reliability Water Share GL	High Reliability Water Share GL	Low Reliability Water Share GL			
3 January 2012	1	1.222	0.370	0.606	0.210	0.218	0.060	0.398	0.100	1.344
1 July 2012	2	3.662	1.11	1.816	0.630	0.652	0.180	1.194	0.300	4.028
1 July 2013	3	25.628	7.762	12.712	4.406	4.560	1.254	8.356	2.102	28.189
1 July 2014	4	38.154	11.556	18.926	6.560	6.788	1.866	12.440	3.130	41.967
1 July 2015	5	41.032	12.428	20.354	7.056	7.300	2.006	13.378	3.366	45.133
1 July 2016	6	57.539	17.434	28.532	9.898	10.241	2.814	18.766	4.722	63.293
1 July 2017	7	18.2242	5.522	9.040	3.134	3.242	0.892	5.942	1.496	20.046
Total		185.461	56.182	91986	31.894	33.001	9.072	60.474	15.216	204.000

Period Date	Issue Number	TOTALS		Goulburn System		Murray System				Agreed Water Savings
						Above the Choke		Below the Choke		
		High Reliability LTCE GL	Low Reliability LTCE GL	High Reliability LTCE GL	Low Reliability LTCE GL	High Reliability LTCE GL	Low Reliability LTCE GL		LTCE	
3 January 2012	1	1.159	0.186	0.569	0.102	0.209	0.031	0.381	0.052	1.344
1 July 2012	2	3.472	0.557	1.705	0.307	0.624	0.093	1.143	0.156	4.028
1 July 2013	3	24.297	3.892	11.937	2.150	4.363	0.651	7.997	1.091	28.189
1 July 2014	4	36.173	5.794	17.771	3.203	6.496	0.968	11.905	1.624	41.967
1 July 2015	5	38.901	6.231	19.112	3.443	6.986	1.042	12.803	1.747	45.133
1 July 2016	6	54.551	8.741	26.792	4.830	9.801	1.460	17.959	2.451	63.293
1 July 2017	7	17.278	2.769	8.489	1.529	3.103	0.463	5.686	0.776	20.046
Total		175.830	28.170	86.375	15.564	31.582	4.708	57.874	7.897	204.000

- E.2.2. In accordance with Clause 5.2.10, the parties agree that there will be a Water Savings verification process to take place on the following dates:

Date of Water Entitlement Transfer	Audit Commencement Date
3 January 2012	30 September 2013
1 July 2012	30 September 2013
1 July 2013	30 September 2014
1 July 2014	30 September 2015
1 July 2015	30 September 2016
1 July 2016	30 September 2017
1 July 2017	30 September 2018

- E.2.3. For the some of the water savings to be transferred at the milestones set out in J.1.5, Victoria has advised that, at the point of transfer, the water may need to be borrowed temporarily from sources other than NVIRP Stage 2. This would be a water accounting treatment whereby within the course of the year, as works are completed, stage 2 water would become available to service the issued water shares which had been provided on 3 January 2012 and subsequently on 1 July of each year. Victoria has indicated that there are years in the projected milestones in which this borrowing may occur across years. Victoria has assured the Commonwealth that this water accounting treatment will not cause any third party impact and that the treatment will be properly communicated to any relevant stakeholders.

An independent audit will be undertaken to:

- progressively verify the water savings from the NVIRP 2 works ;
- verify any gap between the water savings generated from the NVIRP 2 works and the amount of water transferred to the Commonwealth;
- confirm how and when the water savings gap identified in b has been recovered; and
- ensure that no water borrowed to cover the gap is water that would otherwise have been available for the environment.

E.3. The Commonwealth's Proportion of Agreed Water Savings

- E.3.1. The Commonwealth's Proportion of the Agreed Water Savings for this Priority Project is 50 per cent of the 204 GL LTCE of Agreed Water Savings, which is 102GL LTCE.

E.4. Issuing Water Entitlement to the Commonwealth

E.4.1. The State agrees to issue 102GL LTCE of permanent, unencumbered Water Entitlements arising as savings from the Project, in accordance with section 33F of the Water Act, to the Commonwealth that meet the requirements in Clause 5.2.4 and Item E.2.1.

E.4.2. The progressive issue of Water Entitlements will be in accordance with Item E.2.1 to meet the requirements of Item E.3.1 of the Project Schedule.

F. Reserved

G. Reserved

H. Indemnity

H.1.1. Notwithstanding any other provision of this Schedule, 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.

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. Project Report Timing

- I.1.1. The State agrees to provide the following Project Reports to the Commonwealth:

Project Reports				
Report Reference	Report Type	Report Coverage	Reporting Period of Report	Date Report Due
R1	Progress Report # 1 as per Item I.2	Achievement of outcomes for Milestone No. 2 in Item J.1.5	Signing of Agreement to 30 November 2011	3 January 2012
R2	Progress Report # 2 as per Item I.2	Progress on works to 31 March 2012 and achievement of outcomes for Milestone No. 3 in Item J.1.5	Signing of Agreement to 31 March 2012.	1 May 2012.
R3	Progress Report # 3 as per Item I.2	Progress on works to 31 March 2013 and achievement of outcomes for Milestone No. 4 in Item J.1.5	1 April 2012 to 31 March 2013.	1 May 2013.
R4	Progress Report # 4 as per Item I.2	Progress on works to 31 March 2014 and achievement of outcomes for Milestone No. 5 in Item J.1.5	1 April 2013 to 31 March 2014.	1 May 2014.
R5	Progress Report # 5 as per Item I.2	Progress on works to 31 March 2015 and achievement of outcomes for Milestone No. 6 in Item J.1.5	1 April 2014 to 31 March 2015.	1 May 2015.
R6	Progress Report # 6 as per Item I.2	Progress on works to 31 March 2016 and achievement of outcomes for Milestone No. 7 in	1 April 2015 to 31 March 2016.	1 May 2016.

Project Reports				
Report Reference	Report Type	Report Coverage	Reporting Period of Report	Date Report Due
		Item J.1.5		
R7	Progress Report # 7 as per Item I.2	Progress on works to 31 March 2017 and achievement of outcomes for Milestone No. 8 in Item J.1.5	1 April 2016 to 31 March 2017.	1 May 2017.
R8	Final Progress Report # 8 as per Item I.2	Final Progress on works to project completion and achievement of outcomes for Milestone No. 9 in Item J.1.5	1 April 2017 to 31 March 2018.	30 June 2018.
R9	Final Project Report	Meeting the requirements of Item I.3	Project completion.	As per Item I.3
R10	Audited Financial Report	As per Item C Schedule 4 of the Agreement	Project term.	As per Item C Schedule 4 of the Agreement

I.2. Progress Report Requirements

- I.2.1. The Progress Reports, other than Progress Reports numbers 1, 2, 9 and 10, are annual performance reports which will be produced in accordance with Item I.1.2. and will cover the 12 month period ending at the previous March. This will provide the Commonwealth sufficient opportunity to conduct a progress review prior to the next Project Milestone and Funding payment.
- I.2.2. Progress Report number 2 will meet the requirements set out in Item I.2.3, to the extent that they apply, from the period of the commencement of this Project Schedule.
- I.2.3. Each Progress Report will contain the following information about the Priority Project:
 - a. a description of actual performance of the Priority Project to date against the aims of the Priority Project (as specified in Item B.2 of this Project Schedule) including information regarding the extent of the completion of

the Priority Project's Components and the Project Milestones specified at Item J.1.4;

- b. quantitative measurement against the key project outcomes set out in Tables B.2.1.b, B.2.2. and J.1.5;
- c. a description of the work, undertaken for the Priority Project in the reporting period;
- d. an income and expenditure statement of the Funding and the State Contributions during the entire reporting period consistent with Clause 8 and with Item C of Schedule 4;
- e. promotional activities undertaken in relation to, and media coverage of, the Priority Project during the reporting period, including a description of actions taken to ensure appropriate recognition of Commonwealth funding;
- f. a description of the work that will be undertaken to complete the next Project Milestone(s), and any expected promotional opportunities, during the next reporting period of the Priority Project; and
- g. any other items that are agreed by the State and the Commonwealth to be included in the Progress Reports.

I.3. Final Project Report Requirements

I.3.1. The final Project Report for the Priority Project is due within 60 Business Days of the earliest of:

- a. the completion of the Priority Project; or
- b. the termination of this Agreement or the Priority Project.

I.3.2. The final Project Report will be a stand-alone document that can be used for public information dissemination purposes regarding the Priority Project 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 aims of the Priority Project (as specified in Item B.2 of this Project Schedule) have been achieved and explaining why any aspect of the Priority Project was not achieved;
- c. high level financial information regarding the state's receipt and expenditure of the Funds and State Contributions to date, including final certified income and expenditure statement signed by the Chief Finance Officer, DSE consistent with NVIRP and DSE reporting requirements, and specifying any interest earned by the State on the Funds, for the entire period of the Priority Project;
- d. final conformity statement with all environmental, planning, OH&S and construction industry obligations and requirements as set out in the Project Schedule; and

- e. includes a discussion of any other matters relating to the Priority Project which SEWPaC notifies the State should be included in this final Project Report at least 20 Business Days before it is due.

I.4. Commonwealth Auditing

- I.4.1. The Commonwealth is to undertake its own audit activities on an as needed basis. These audits may cover but are not limited to Waters Savings achieved, financial accountability, Works progress, regulatory compliance and other activities as required.

I.5. Prompt dealing with Reports

- I.5.1. 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.5.2. 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. Project Milestones and Payment Schedule for Funding for Priority Project

- J.1.1. Subject to the terms of clauses 6 and 17, the maximum GST-exclusive amount of Funds payable by the Commonwealth to the State in respect of this Priority Project is \$952,780,000 which shall be paid in instalments, and on the completion of the Payment Preconditions, specified in this Item J. 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 an invoice for that payment of Funds.

J.1.1.

- 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 Milestones specified in Item J.1.5 for that payment of Funds;

- b. Evidence of the payment of all the State Contributions due under Item D.1.2 up to the Funding payment date; and
 - c. The receipt and acceptance by the Commonwealth of the relevant Progress Report as per Item I.1.1 and Item J.1.5 and all previous Reports required under this Project Schedule.
- J.1.3. Payments will be made only on achievement of the respective Milestone. There will be no payments for partial performance against Milestones.
- J.1.4. In line with Clause 16.1 of the Water Management Partnership Agreement, neither party will unreasonably withhold agreement to proposals from the other party to vary this Schedule, including in relation to the Milestones at J.1.5.
- J.1.5. Funds shall be paid in the instalments and against the achievement of the Project Milestones specified in the following table:

Stage 2 Payment Schedule and Project Milestone Table

Milestone Report Number	Date	Commonwealth Milestone Payment \$000's	Water Savings Transfer LTCE (GL)	Key Performance Indicators – See B.2.1 b for comprehensive descriptions										Mitchells Flume	Torrumbarry and Pigatto's outfall	
				System Efficiency	Transfer Delivery Share	Uniformity of Flow	Installation of Meters	Remediate Channel	Rationalise Channel	Construct Box Creek Fishway	One & two Tree Swamp					
1	Signing of this Agreement	150,000.0														
2	3 Jan 2012	6,371.7	1.3													
3	1 July 2012	19,115.2	4.0													
4	1 July 2013	136,636.6	28.2		155	Test Sample Meters	182		65							
5	1 July 2014	199,329.6	42.0		721	Test Sample Meters	810	5	306		Construct Works					
6	1 July 2015	181,574.9	45.2		946	Test Sample Meters	1,601	20	405				Decomm Flume and Construct Works		Construct Structures	
7	1 July 2016	165,154.2	63.3		833	Test Sample Meters	1,170	20	357	Construct Fishway						
8	1 July 2017	54,597.8	20.0		1,388	Test Sample Meters	1,293	22	592							
9	1 July 2018	40,000.0		Report on Efficiency	1,257	Test Sample Meters	844	10	534							

Project Schedule Vic 002 Under the Water Management Partnership Agreement
Northern Victoria Irrigation Renewal Project – Stage Two

Milestone Report Number	Date	Commonwealth Milestone Payment \$000's	Water Savings Transfer LTCE (GL)	Key Performance Indicators – See B.2.1 b for comprehensive descriptions							Mitchells Flume	One & two Tree Swamp	Construct Box Creek Fishway	Rationalise Channel	Remediate Channel	Installation of Meters	Uniformity of Flow	System Efficiency	Transfer Delivery Share	Torrumbarry and Pigatto's outfall
Total		952,780.0	204.0	5,300	77	2,259														

K. Definitions

- K.1.1. Except where indicated in 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 have the following meaning:
- a. "Agreed Water Savings" has the meaning given in Clause 18.4 except that, in this Project Schedule, the Agreed Water Savings (including their amount, reliability and characteristics) are specified in Item E.2 of this Project Schedule;
 - b. "Agreement" means the Water Management Partnership Agreement between the Commonwealth and the State of Victoria dated 11 January 2010;
 - c. "Backbone" means the larger capacity water supply channels in the GMID that will form the nucleus of a modernised water supply system in the GMID;
 - d. "Business Case" means the documents submitted by the State to the Commonwealth on 1 March 2010, together with revisions, addenda and corrections submitted up to 2 July 2010, to enable the Commonwealth to conduct a Due Diligence assessment of this Priority Project in accordance with Clause 5.1.2.a;
 - e. "Clause" means a clause in the Agreement;
 - f. "Component" has the meaning given by Clause 18.4 except that in this Project Schedule the Components are listed in Item B.1.4 of this Project Schedule;
 - g. "Connection" means the infrastructure that allows a property or properties to receive water from the Backbone;
 - h. "Delivery Share" means the right, which is held by an irrigator and is linked to land, to have water delivered to land in the GMID and to have share of the available water flow in the GMID delivery system;
 - i. "Early Works" means the project comprising part of Stage 2 of the Northern Victoria Irrigation Renewal Project as set out in Schedule No. Vic-01, dated 13 May 2010, under this Agreement;
 - j. "GL" means gigalitre which is 1,000,000,000 litres;
 - k. "GMID" means the Goulburn Murray Irrigation District in Victoria, including the irrigation supply system operated by GMW;
 - l. "GMW" means the Goulburn-Murray Rural Water Corporation, trading as Goulburn-Murray Water, which was established on 1 July 2007 under the

Water Act and is responsible for administering the wholesale and retail distribution of water in the GMID;

- m. "HRWS" means the category of water shares issued to water users in a declared water system which has the highest reliability of supply. The allocation of water for HRWS in the Murray and Goulburn declared water systems is determined annually by G-MW in accordance with procedures set out in the respective Murray and Goulburn bulk entitlements.
- n. "Legally Committed" means irrevocably committed under a legally binding contract between NVIRP and a third party, not being the State or a State-owned enterprise;
- o. "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;
- p. "LRWS" means Low Reliability Water Shares, which is the legally recognised, secure Entitlement to a defined share of water that is available after there is enough water to supply all High Reliability Water Share Entitlements, other system entitlements, losses and reserves in a declared water system;
- q. "ML" means megalitre which is 1,000,000 litres;
- r. "Murray-Darling Basin Authority Long Term Diversion Limit Equivalent Factors" means the factors published by the Murray-Darling Basin Authority to provide a level of comparison across the various entitlement products within the valleys of the Murray-Darling Basin;
- s. "National Framework for Non-Urban Water Metering" means the framework agreed between the Commonwealth and the State for implementing new metering standards;
- t. "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), and to whom the State is providing a grant out of the Funding;
- u. "Priority Project" means the Priority Project Vic-02: *Northern Victoria Irrigation Renewal Project Stage 2* as described in this Project Schedule and the Project Charter;
- v. "Project Charter" means the document agreed by the Commonwealth and State specified in Item B.5 of this Project Schedule;
- w. "Proponent" means NVIRP;
- x. "Salinity Credit" means the reduction in average salinity costs estimated by the Murray-Darling Basin Authority in accordance with clause 20, Schedule B of Schedule 1 of the *Water Act 2007* (Commonwealth);

- y. "Salinity Debit" means an increase in average salinity costs estimated by the Murray-Darling Basin Authority in accordance with clause 20, Schedule B of Schedule 1 of the *Water Act 2007 (Commonwealth)*;
- z. "Water Act" means the *Water Act 1989 (Vic)*;
- aa. "Water Entitlement" or "Entitlement" has the meaning given to the term in Clause 18.4.1 of the Agreement and, in this Project Schedule, means a Water Share;
- bb. "Water Savings" means water that is available for allocation (that is, no longer accounted for as system losses) as a result of Works and has the same meaning as "Actual Water Savings" has in Clause 18.4 of the Agreement;
- cc. "Water Share" means a water share issued under Division 2 of Part 3A of the *Water Act*;
- dd. "Water Trading Zone" means a defined area in the GMID, established to simplify administration of trades;
- ee. "Water Use Licence" or "WUL" means a licence to use water on irrigated land as defined in Section 64 of the *Water Act 1989 (Vic)*;
- ff. "Works" means the replacement, upgrade or modification of fixed, publicly-owned assets within the GMID irrigation system and which includes design, planning, approvals, construction, commissioning and any other activities directly necessary for the Works to be completed.

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 Schedule on and from the date the Commonwealth signs this document.

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

Tony Burke)
Name of signatory)

Tony Burke
Signature

In the presence of:

Geoff Dobson
Name of witness

Geoff Dobson
Signature of witness

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

Peter Walsh)
Name of signatory)

Peter Walsh
Signature

In the presence of:

Geoff Dobson
Name of witness

Geoff Dobson
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:

- | | |
|------------------------|---|
| Code | means the National Code of Practice for the Construction Industry 1997, a copy of which can be downloaded from
< www.deewr.gov.au/building >. |
| Guidelines | means the Australian Government Implementation Guidelines for National Code of Practice for the Construction Industry, August 2009, a copy of which can be downloaded from
< www.deewr.gov.au/building >. |
| 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 etc

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 relation 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 <i>Building and Construction Industry Improvement Act 2005</i>
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.

