VARIATION

VARIATION NUMBER 9 TO THE PROJECT SCHEDULE 2

TO THE WATER MANAGEMENT PARTNERSHIP AGREEMENT BETWEEN THE COMMONWEALTH AND QUEENSLAND

FOR THE WATER FOR THE FUTURE QUEENSLAND STATE PRIORITY PROJECT ON-FARM WATER USE EFFICIENCY PROJECT – PHASE TWO
COMMONWEALTH OF AUSTRALIA REPRESENTED BY
THE DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

WATER FOR THE FUTURE
QUEENSLAND STATE PRIORITY PROJECT

HEALTHY HEADWATERS WATER USE EFFICIENCY PROJECT - PHASE TWO

VARIATION 9 OF PROJECT SCHEDULE 2 TO THE WATER MANAGEMENT PARTNERSHIP AGREEMENT BETWEEN THE COMMONWEALTH AND QUEENSLAND
A. Terminology used in this Project Schedule

A.1.1. 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 Queensland (the Agreement).

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

a. Agreed Water Savings: means the total volume of water that is to be saved by a Round of On-Farm Works. This will be agreed by the parties in accordance with Item B.4 and included in Item E of this Project Schedule for a Round following the Commonwealth Validation of all the Works Packages for that Round. The amendments to Item E for a Round must specify the amount and characteristics of the part of the Agreed Water Savings that are to be saved by each Proponent as a result of each of its On-Farm Works in that Round;

b. Additional Water Entitlement: means a volume of water contributed by the Proponent to the total cost of On-Farm Works, in lieu of all or part of their required cash or in-kind contribution. This entitlement will be identified in Attachment 4 and transferred under a Water Transfer Deed.

c. Annual Project Plan: means the written plan referred to in Items C.2.5 to C.2.8 regarding DNRM's performance of the Item C.2 Component of this Priority Project that has been signed by the parties and is incorporated into Attachment 3 to this Project Schedule, as amended from time to time in accordance with Item C.2.8.

d. Business Case Information Requirements: means the criteria set out in Schedule E of the Intergovernmental Agreement on Murray-Darling Basin Reform;

e. Commonwealth Validation: means the Commonwealth's assessment of the value for money, technical merit and environmental benefits of the Works Packages proposed by the State for a Round;

f. Commonwealth Environmental Water Office: means the office that supports the Commonwealth Environmental Water Holder, as defined in clause 18.4 of the Agreement;

g. Commonwealth Contribution to the State Program: means the Commonwealth's total funding contribution to the State Program, which comprises:

i. the Start-Up Amount
ii. the Commonwealth funding paid to the State for Phase One under the Phase One Project Schedule; and

iii. the Funding paid to the State for Phase Two under this Phase Two Project Schedule,

with any funds reallocated from Phase One to Phase Two under Item B.1.8A only being counted once for the purpose of this definition.

h. Component: means a component of this Priority Project that is specified in the definition of 'Project Activities' in Item A.1.2.t of this Project Schedule and 'Components' means both of those components;

i. DNRM or the State: means the State of Queensland as represented by the Department of Natural Resources and Mines (formerly the Department of Environment and Resource Management), ABN 59 020 847 551 or other department or agency that has from time to time responsibility for this Agreement and includes its Personnel and successors;

j. The Department of Agriculture and Water Resources (formerly represented by the Department of the Environment and previously known as the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC)), ABN 24 113 085 695 or other department or agency that has from time to time responsibility for this Agreement, and includes its Personnel and successors.

k. Due Diligence Assessment: means the Commonwealth’s assessment of the State’s business case for this Priority Project against the Business Case Information Requirements as required under clause 5.1 of the Agreement;

l. Entitlement Owner: means, in respect of a Water Entitlement, the person who is the registered legal owner of that Water Entitlement, (which may, but need not be, a Proponent);

m. Land Owner: means the legal owner of the land on which a Proponent's On-Farms Works are to be constructed (which may, but need not be, a Proponent);

n. Legal Due Diligence: means, in respect of a Water Entitlement, the legal assessment of the characteristics of that Water Entitlement and the Entitlement Owner's ability to Transfer that Water Entitlement to the Commonwealth, to be completed by a legal provider nominated by the Commonwealth. Legal Due Diligence may need to be undertaken on more than one occasion in respect of a Water Entitlement dependant on the characteristics and volume of the Water Entitlement being offered to the Commonwealth;

o. On-Farm Works: means the irrigation efficiency works undertaken by a Proponent as part of this Priority Project, and may include
supplier-provided testing and training associated with infrastructure installation. The On-Farm Works may take place in Queensland or in the areas specified in Item B.1.11A;

p. Phase One: means the Priority Project governed by the Project Schedule entitled ‘On-Farm Water Use Efficiency Project - Phase One’ executed 31 August 2010 (and as varied from time to time) which involves the performance of the first phase of the State Program and concludes in October 2013. Phase One is not part of this Phase Two Priority Project or Project Schedule. Both Parties acknowledge that the Commonwealth has transferred (excluding GST) under the Phase One Project Schedule;

q. Phase One Other Contributions: means the Other Contributions (as defined in clause 18.4 of the Agreement) that have been provided for Phase One in accordance with the Phase One Project Schedule and form part of the total Other Contributions for the State Program, in accordance with Item D.4;

r. Phase Two: means this Priority Project under this Project Schedule, which involves the performance of the second phase of the State Program, which concludes on 30 June 2020;

s. Phase Two Other Contributions: means the Other Contributions (as defined in clause 18.4 of the Agreement) that have been provided for Phase Two in accordance with the Phase Two Project Schedule and form part of the total Other Contributions for the State Program, in accordance with Item D.4, and may include Additional Water Entitlements;

t. Project Activities: means all of the activities required to undertake two key Components of this Priority Project, which are:

i. project and contract management, capability training and education, central pivot and lateral move benchmarking, extension and industry development, marketing and monitoring activities as described in Item C.2 of this Project Schedule and the Annual Project Plans; and

ii. On-Farm Works as described in Item C.3 of this Project Schedule

u. Project Milestone: means a stage in the completion of this Priority Project as specified or referred to in Item C of this Project Schedule;

v. Project Overview Group: means a group comprising representatives from the Department of Agriculture and Water Resources and DNRM who will monitor the progress of this Project Schedule. The Project Overview Group will meet at least once each quarter for the duration of the HHWUE Project;

w. Proponent: means any person who is to receive Funds to undertake On-Farm Works as part of a Round under this Priority Project;

x. Round: means a funding round, comprised of up to six individual monthly application periods, conducted by the State for the second
phase of its State Program, which will involve the State calling for and assessing and overseeing on-farm irrigation proposals and works. The State’s approved Personnel may oversee any On-Farm Works to which Item B.1.11A applies. As a result of the two rounds of on-farm works undertaken in Phase One, the first Round in Phase Two will be known as Round Three;

y. Start-up Amount: means any funding that has been received by the State from the Commonwealth to commence early works related to Phase One. Both Parties acknowledge that the Commonwealth has previously provided [xxx] (excluding GST) under a funding agreement, executed 16 February 2009, to commence those early works. This included [xxx] for early works relating to a basin appraisal study and [xxx] for early project management activities;

z. State Program: means DNRM’s Queensland Murray-Darling Basin Healthy HeadWaters Water Use Efficiency Program, as set out in Item B.1.2 and which has been split into two phases, Phase One and Phase Two.

aa. Water Entitlement: means, in relation to a Proponent, a ‘water access entitlement’ as defined in section 4 of the Water Act 2007 (Cth) that is:

i. used for irrigated agricultural production;

ii. is required to be transferred by the Entitlement Owner to the Commonwealth to provide it with the Commonwealth’s Proportion of the Agreed Water Savings for that Proponent’s On-Farm Works; and

iii. may include Additional Water Entitlements.

Once this Project Schedule is amended to reflect the details of a Round, the Water Entitlement(s) relating to each Proponent in that Round will be identified in Item E and/or Attachment 4 of this Project Schedule;

bb. Water Transfer Deed (WTD): means a legally binding deed between an Entitlement Owner and the Commonwealth under which the Entitlement Owner permanently Transfers to the Commonwealth its unencumbered Water Entitlement equal to the Commonwealth’s Proportion of the Agreed Water Savings, and Additional Water Entitlements, if applicable, for a Proponent’s On-Farm Works as specified in Item E and Attachment 4. A WTD must be in the form provided by the Department of Agriculture and Water Resources. The Department of Agriculture and Water Resources may make amendments to a WTD during the course of this Priority Project. The Entitlement Owner is required to enter into, and complete, a WTD with the Commonwealth prior to any Funds being paid to the Proponent under this Priority Project;

c. Works Agreement: means the legally binding agreement between the State, or the State’s approved Personnel where Item B.1.11B
applies, and a Proponent (and any Land Owner or Entitlement Owner that is also required to be a party to the Works Agreement as per Item B.5.1.a. and b.) that sets out the terms on which Funding is to be paid to the Proponent and the Proponent is to use that Funding to complete its On-Farm Works; and

dd. Works Package: means DNRM’s assessment, ranking and recommendation of Proponents’ proposals, consistent with the Business Case Information Requirements, which DNRM is required to submit to the Department of Agriculture and Water Resources.

B. Priority Project

B.1. Summary and duration of the Priority Project

B.1.1. In the July 2008 Intergovernmental Agreement (IGA) on Murray-Darling Basin Reform, the Commonwealth agreed in-principle to provide funding of up to $510 million for Queensland’s State Priority Projects (including $350 million of water purchasing by the Commonwealth). This in-principle agreement was provided subject to Due Diligence Assessment and compliance with the Commonwealth’s Business Case Information Requirements and this Agreement.

B.1.2. The State submitted a business case to the then Department of the Environment for a proposed on farm water use efficiency priority project on 14 September 2009. The State developed the State Program as its vehicle for delivering that proposed project.

B.1.3. The Commonwealth’s Due Diligence Assessment of the State’s proposed project against the Business Case Information Requirements was completed in February 2010. Following due diligence assessment, the proposed on-farm project was approved on the condition that it be split into two phases (Phase One and Phase Two) to enable a mid-cycle review prior to the Commonwealth agreeing to fund Phase Two.

B.1.4. The parties signed a Project Schedule for Phase One on 31 August 2010, as identified in Item A.1.2.p.

B.1.5. In line with Ministerial approval for Phase One, the mid-cycle review of Phase One was conducted by DNRM in late 2011, with a final report submitted to the Department of Agriculture and Water Resources in January 2012. This review included the development of a revised business case for Phase Two.

B.1.6. This Project Schedule only deals with Phase Two, as identified in Item A.1.2.r.

B.1.7. This Phase Two Priority Project has two distinct Components, which are set out in the definition of “Project Activities” in Item A.1.2.t of this Project Schedule. Project Milestones for these Components are identified in Item C of this Project Schedule and the Annual Project Plans.
B.1.8. The maximum possible Funding payable by the Commonwealth for this Priority Project is xxxx (excluding GST). However the total actual Funding payable by the Commonwealth for this Priority Project will be determined based on the outcomes of the Commonwealth’s Validation for each Round of On-Farm Works and DNRM's progressive delivery of the Priority Project.

B.1.8A Further, if any Phase One funds remain at the end of Phase One, the parties may agree to vary this Project Schedule to allocate some or all of those remaining Phase One funds to the Item C.3 On-Farm Works Component of this Phase Two Priority Project.

B.1.9. If any Phase One On-Farm Works will not be completed by the end of Phase One, the parties may agree to transfer the On-Farm Works to Phase Two and vary this Project Schedule. Any agreed transfer of On-Farm Works from Phase One to Phase Two will include a transfer of the remaining funds applicable to that project.

B.1.9A The parties will then amend Items C, D, E, I, J and Attachment 4 of this Project Schedule for each On-Farm Works, to reflect the Agreed Water Savings, Additional Water Entitlements, Project Milestones, maximum Funding and Funding payments, Reporting requirements and Water Entitlements for that On-Farm Works.

B.1.9B The State agrees to vary a Proponent’s Works Agreement to include the new On-Farm Works project milestones under Phase 2.

B.1.10. The State is required to obtain Other Contributions from Proponents for this Priority Project that, when added to the Phase One Other Contributions, total at least 10 per cent of the Commonwealth Contribution to the State Program. The Phase Two Other Contributions must be identified in the Works Package referred to in Item B.1.11.

B.1.11 The State agrees to present the Commonwealth with a Works Package, Other Contributions and the proposed Agreed Water Savings, for each application period’s project proposals. The State must not include in a Works Package any irrigator proposal:

a. that offers a Water Entitlement that is attached to land;

b. that is not within the existing boundary of a currently irrigated farming enterprise;

c. that contains a Proponent's proposed in-kind contribution (if any) to an On-Farm Works that has not been certified as a reasonable value for the in-kind contribution by an expert third party or by an authorised officer of DNRM (as agreed by the Commonwealth);

d. that does not contain evidence of certification by a Professional Engineer of Queensland or an Irrigation Australia Limited Certified Irrigation Designer or an Irrigation Australia Limited Certified Irrigation Agronomist as to the technical feasibility of its proposed on-farm works and the associated identified water savings; or
e. that proposes irrigation development of a size that is not consistent with the volume of water entitlements held by the Proponent and the type of irrigation development proposed.

B.1.11A The State’s Works Packages for a Round may include On-Farm Works that are proposed to be undertaken in whole or part on land adjacent to the Macintyre or Dumaresq Rivers in the Border Rivers region of New South Wales but the Works Package must only offer the Commonwealth Queensland (and not NSW) Water Entitlements.

B.1.11B Where On-Farm Works are undertaken in an area specified in B.1.11A, the State’s approved Personnel will manage the On-Farm Works on behalf of the State.

B.1.12 Where a Water Entitlement includes one or more special conditions that individually or together prevent the Water Entitlement being transferred to the Commonwealth, the State agrees to commence removing each of those conditions from the Water Entitlement after the Commonwealth agrees to the Works Package that contains that Water Entitlement. The completion of this process, without substantial change to any of the other characteristics of that Water Entitlement set out in Item E and Attachment 4, is a prerequisite to:

a. the Water Entitlement passing Legal Due Diligence; and
b. the Commonwealth signing a WTD for the Transfer of that Water Entitlement.

B.1.13 This Priority Project commences on 1 August 2012 and will end on 30 June 2020.

B.1.14 The State must ensure that all Agreed Water Savings are assigned to the Commonwealth by no later than 31 March 2019.

B.1.15 Subject to any other requirements in this Project Schedule being satisfied, unless agreed otherwise by the Commonwealth for individual On-Farm Works projects, the State agrees to submit all claims for payment for On-Farm Works to the Commonwealth as follows:

a) for Rounds 1 to 11, by no later than 31 March 2019; and

b) for Round 12 onwards, by no later than 31 March 2020.

B.2. **Aim of Project Activities**

B.2.1. This Priority Project will assist the State to meet its commitments to the IGA and national water reform specified in Schedule 1 of the Agreement. The Priority Project will result in Agreed Water Savings that will be shared between Proponents and the Commonwealth; adoption of technology and practices that result in improved on-farm water use.
efficiencies; and setting in place opportunities for sustaining irrigation communities into the future.

B.2.2. The Priority Project will also:

a. assist in securing a long-term sustainable future for irrigation communities as a result of realising water savings through targeted investment in on-farm water use efficiency;

b. deliver water to the environment by Transferring a portion of the water savings achieved through the Priority Project's investment in on-farm water use efficiency to the Commonwealth for management by the Commonwealth Environmental Water Office; and

c. assist faster adoption of more efficient water use technologies across the irrigation sector, leading to greater value returns per ML to producers.

B.3. Project Requirements

B.3.1. The State agrees that:

a. The Project Activities will be carried out in accordance with all applicable laws (including, but not limited to, all required planning, environmental, development, building, occupational health and safety and regulatory approvals and all applicable Australian standards);

b. In undertaking this Priority Project the State will comply with the requirements of the Environment Protection and Biodiversity Conservation Act 1999;

c. The construction and use of the On-Farm Works will comply with all applicable laws (including, but not limited to, all required planning, environmental, development, building, work health and safety and regulatory approvals and all applicable Australian standards);

d. The State is responsible for ensuring the proper and efficient conduct of Project Activities; and

e. The State is responsible for meeting the Project Milestones specified or referred to in this Project Schedule.

B.3.2. The State acknowledges that the Department of Agriculture and Water Resources is not required to perform any aspect of this Priority Project, other than undertaking:

a. the Commonwealth’s Validation of the DNRM Works Packages in each Round;

b. Legal Due Diligence for the Transfer of Water Entitlements to the Commonwealth;

c. the Commonwealth's own conveyancing activities to transfer Water Entitlements to the Commonwealth; and

d. the Commonwealth’s Validation and consultation with the State in accordance with Items B.3.6, B.3.7 and B.5.1.j.
B.3.3. The State agrees to comply, and to ensure that its Proponents and their subcontractors comply, with all applicable requirements of the Building Code 2013 as set out in Attachment 1 to this Project Schedule.

B.3.4. The State agrees to comply, and to ensure that its Proponents and subcontractors comply, with all applicable requirements of the Australian Government Building and Construction WHS Accreditation Scheme as set out in Attachment 2 to this Project Schedule.

B.3.5. The State agrees to ensure that Proponents maintain:

a. Workers’ compensation insurance for an amount required by legislation of the state or territory in which their On-Farm Works are performed;

b. Public liability insurance for $20 million or more per claim or occurrence giving rise to a claim, in respect to activities undertaken under this Project Schedule; and

c. Insurance against any loss or damage to an asset valued at over $5,000 or more that is created or acquired in whole or part with the Funding for its full reinstatement or replacement cost.

B.3.6. Further to clause 14 and Schedule 5 of the Agreement, the State agrees to provide its program publications for the State Program to the Commonwealth for comment prior to their release. The Department of Agriculture and Water Resources agrees to provide comment on such publications within 10 Business Days (excluding publications that require approval by the Commonwealth Minister). The State agrees to put in place arrangements to ensure that only the latest version of program documentation for the State Program is available to applicants.

B.3.7. The parties agree that the State is to provide a strategic review and evaluation Report for this Priority Project in September 2014. The purpose of this Report will be to consider the extent to which the aims and intended outcomes of this Priority Project are being met. DNRM will provide this Report to the Department of Agriculture and Water Resources for consideration, as identified in Items I.1.1 and I.5. The Department of Agriculture and Water Resources will then assess DNRM’s report and recommendations. The parties agree that if the Department of Agriculture and Water Resources has significant concerns regarding the implementation or progress of this Priority Project, those concerns will be addressed (including, where appropriate, by amendments to this Project Schedule) before the Commonwealth is required to approve any Works Packages, or provide Funding for a further Round of On-Farm Works under this Project Schedule.
B.4. Process relating to each Round of On-Farm Works, including Commonwealth Validation and Legal Due Diligence

B.4.1. The State will open a funding Round and request that irrigators submit applications by the end of any month within that Round, for funding for on-farm works. The State will assess the funding proposals it receives consistent with the Commonwealth’s Business Case Information Requirements.

B.4.2. The State will then submit Works Packages to the Department of Agriculture and Water Resources that assess proposals for that Round and demonstrate that the proposed on-farm works are consistent with the Business Case Information Requirements and satisfy the Commonwealth’s investment principles specified in clause 1.1.3 of the Agreement. The Works Packages for a Round must also contain the State’s proposed Agreed Water Savings for each project and Other Contributions as identified in Item B.1.10.

B.4.3. The Department of Agriculture and Water Resources will then undertake the Commonwealth Validation of the Works Packages submitted by the State for that Round and will notify the State of the outcomes. The Commonwealth’s Validation of value for money takes into consideration all Commonwealth funding for delivery of the Project (including project management funding requested by DNRM). The Department of Agriculture and Water Resources may accept all, some or none of the proposals identified in the Works Package. If the Commonwealth does not accept some or all of the proposals identified in the proposed Works Packages for a Round, both parties agree to re-negotiate any outstanding Project Activities, Project Milestones, Project Cost and Funding payments.

B.4.4. If the Works Package passes the Commonwealth Validation (i.e. the Department of Agriculture and Water Resources accepts some or all of the proposals identified in the Works Package), the parties will then agree the Agreed Water Savings (and the Commonwealth’s Proportion of those Agreed Water Savings) and any Additional Water Entitlements. The Agreed Water Savings, and Additional Water Entitlements are subject to:

a. each Water Entitlement in the Works Packages for the Round passing Legal Due Diligence; and

b. the Entitlement Owner of each Water Entitlement (or Additional Water Entitlement) executing a WTD with the Commonwealth for the Transfer of that Water Entitlement within 30 days of the Department of Agriculture and Water Resources issuing it to the Entitlement Owner (or longer period as may be agreed by the Commonwealth) and the completion of that WTD within the timeframe required by that WTD.

B.4.5. The Department of Agriculture and Water Resources will provide a funding approval letter, which will contain details of approved Projects, funding and Agreed Water Savings, for counter-signature to DNRM.
Upon completion of a Round including assessments of all Works Packages within that Round, DNRM will amend Items C, D, E, I and J and Attachment 4 of this Project Schedule for each approval within that Round, to reflect the Agreed Water Savings, including Additional Water Entitlements where applicable

B.4.6. Once the parties have signed a funding approval letter in accordance with Item B.4.5:

a. subject to Item B.4.6.b, DNRM will commence negotiating and executing Works Agreements with each Proponent (and any Land Owner or the Entitlement Owner that is required by Item B.5.1.a. and b. to be a party to the Proponent's Works Agreement) for that Round of the On-Farm Works. DNRM must be satisfied that the Proponent has obtained all of the approvals necessary for the commencement of its proposed on-farm works. DNRM will submit copies of the signed Works Agreements to the Commonwealth;

b. to the extent a Proponent's On-Farm Works are located in the area specified in Item B.1.11A, Item B.1.11B will apply and the State’s approved Personnel will enter into a Works Agreement with the Proponent for those On-Farm Works;

c. The Department of Agriculture and Water Resources will commence its Legal Due Diligence assessment for the Water Entitlements that are the subject of the Agreed Water Savings and Additional Water Entitlements for that Round. Should a Water Entitlement fail Legal Due Diligence, the State may replace that Proponent's proposal with a similar proposal from outside the Works Package that is acceptable to the Department of Agriculture and Water Resources. If an alternative irrigator proposal is not available to replace the Proponent's proposal, the Project Schedule will be amended to reduce the Agreed Water Savings and the Funding for that Round. The State is required to terminate its Works Agreement (and, where Item B.1.11B applies, ensure that the State’s approved Personnel terminates its Works Agreement) with a Proponent if the Water Entitlement relating to that Proponent fails Legal Due Diligence; and

d. The Department of Agriculture and Water Resources’ nominated legal provider will undertake the Legal Due Diligence and the Commonwealth’s conveyancing to Transfer Water Entitlements from Entitlement Owners to the Commonwealth.

B.4.7. Once the Legal Due Diligence process is completed and accepted by the Commonwealth, the Commonwealth will execute a WTD with the Entitlement Owner of that Water Entitlement and negotiate any necessary supply and distribution agreements.

B.4.8. At settlement of a WTD with an Entitlement Owner, the Commonwealth will receive validly executed and registrable Transfer documents in respect of the Water Entitlement that is the subject of that WTD. The State must then pay the first instalment of funds to the relevant
Proponent as specified in the Proponent's Works Agreement within one to two weeks after that settlement occurs. The Department of Agriculture and Water Resources will then reimburse the State for the amount of that first Works Agreement payment in accordance with Items J.1.8 and J.1.9 of this Project Schedule.

B.4.8.A The parties will then amend Items C, D, E, I and J and Attachment 4 of this Project Schedule at the end of each Round, to reflect the Agreed Water Savings, including Additional Water Entitlements where applicable, Project Milestones, maximum Funding and Funding payments, Reporting requirements and Water Entitlements for that Round.

B.4.9. If, during a Round, a WTD for a Water Entitlement is not executed by an Entitlement Owner within 30 days of the Department of Agriculture and Water Resources issuing it to that Entitlement Owner (or longer period as may be agreed by the Commonwealth), or the WTD is not completed within the timeframe required by that WTD, the Project Schedule may be amended to reduce the Agreed Water Savings, the Commonwealth's Proportion of the Agreed Water Savings and the Funding for that Round to reflect the removal of the relevant Proponent's On-Farm Works. The State must ensure that all Works Agreement(s) related to that Water Entitlement are terminated.

B.5. The Works Agreement and the Water Transfer Deed

B.5.1. The State is required to ensure that each Works Agreement with a Proponent is consistent with, and gives effect to, the State's requirements under this Agreement. Without limiting the generality of the preceding sentence, the State is required to:

a. ensure that if the Proponent is not the Land Owner of the land on which the Proponent's On-Farm Works are to be constructed, the Land Owner of that land is also a party to the Works Agreement with that Proponent;

b. ensure that if the Proponent is not the Entitlement Owner of the Water Entitlement that is specified in Item E or Attachment 4 in respect of the Proponent's On-Farm Works, the Entitlement Owner of that Water Entitlement is also a party to the Works Agreement with that Proponent;

c. ensure that any Works Agreement that is executed with a Proponent who is a trustee company does not limit the State's (or its approval Personnel's) ability to recover Unspent Funds from the Proponent to the value of the assets in the relevant trust.

d. ensure that each Works Agreement with a Proponent requires the Proponent to warrant that it has obtained, prior to the signing of the Works Agreement, certification from a Professional Engineer of Queensland or an Irrigation Australia Limited Certified Irrigation Designer or an Irrigation Australia Limited Certified Irrigation
Agronomist as to the technical feasibility of its proposed On-Farm Works and the associated identified water savings. An authorised officer of the Queensland Department of Natural Resources and Mines or expert third party will also be required to certify that the amount of any Proponent in-kind contributions is reasonable;

e. ensure that each Works Agreement with a Proponent provides that it will be immediately terminated by DNRM (or, where Item B.1.11B applies, the State’s approved Personnel) if:

i. The Department of Agriculture and Water Resources advises DNRM that the Water Entitlement relating to the particular On-Farm Works has not passed Legal Due Diligence;

ii. The Department of Agriculture and Water Resources advises DNRM that the Entitlement Owner of the Water Entitlement relating to the Proponent has not signed a WTD with the Commonwealth within 30 days of the Department of Agriculture and Water Resources issuing the WTD to that Entitlement Owner for signature (or longer period agreed by the Commonwealth); or

iii. The Department of Agriculture and Water Resources advises DNRM that the Entitlement Owner of the Water Entitlement relating to the Proponent has signed a WTD with the Commonwealth but the WTD has been terminated due to it not having been completed by the date specified in that WTD.

f. ensure that each Works Agreement with a Proponent contains:

i. a consent by the Proponent to the State and/or the Commonwealth accessing the Proponent's premises, records and accounts for the purposes of verifying the performance of the Proponent's On-Farm Works and its expenditure of Funding; and

ii. an agreement that the Proponent, and/or any separate Land Owner and/or Entitlement Owner, will not make a claim against the State or the Commonwealth in respect of any liability the State or Commonwealth may have arising out of any injury suffered by, or death of, a Proponent, any separate Landholder or Entitlement Owner, or its employees, agents or contractors as a result of the performance of the On-Farm Works;

g. ensure that each Works Agreement with a Proponent:

i. prohibits the Proponent paying more than 25 per cent of any subcontract in advance of the goods or services that are to be provided to the Proponent under that subcontract; and

ii provides that if this Project Schedule is terminated for any reason, the State (or, where Item B.1.11B applies, its approved Personnel) may immediately terminate the Works
Agreement and the Proponent must immediately cease expenditure of the Funding;

h. ensure that each Works Agreement with a Proponent is effectively managed and the Proponent's compliance with the Works Agreement is monitored;

i. enforce the State's (or, where Item B.1.11B applies, its approved Personnel's) rights and the Proponents', and any separate Land Owners' and/or Entitlement Owners', obligations in the Works Agreements including if required by the Department of Agriculture and Water Resources at no cost to the Commonwealth;

j. except for the variations to Works Agreements defined at Attachment 5, consult with the Department of Agriculture and Water Resources before the Works Agreement template is varied for a particular Proponent or an executed Works Agreement is varied or terminated. The State is required to provide a signed copy of each Works Agreement with a Proponent to the Department of Agriculture and Water Resources; and

k. in addition to paragraph B.5.1.j, ensure that a Works Agreement referred to in Item B.1.11B:
   i. is not terminated or varied without DNRM's prior written consent; and
   ii. gives the State's approved Personnel the right to disclose any Proponent confidential information to DNRM for its use and disclosure to, and use by, the Commonwealth.

B.5.2. Funding may only be provided to a Proponent under a Works Agreement if:

a. the Proponent has entered into a legally binding Works Agreement with the State or the State's approved Personnel; and

b. the Proponent's On-Farm Works, and the Funds to be provided for those On-Farm Works, are identified in this Project Schedule or otherwise approved in writing by the Department of Agriculture and Water Resources; and

c. the Entitlement Owner(s) of the Water Entitlement(s) relating to the On-Farm Works has entered into and completed all of their obligations under the WTD; and

d. for payments, other than the first payment under each Works Agreement, the Proponent and the Land Owner are not in breach of the Proponent's Works Agreement.

B.5.3 As this Priority Project requires the State to provide grants from the Funds to Proponents (including via the State’s approved Personnel as per Item B.1.11B), any amount that the Commonwealth may recover from the State under clause 6.3 and/or clause 17 includes any amount the State has provided to a Proponent (or to its approved Personnel for on-payment to a Proponent as per Item B.1.11B) minus the greater of:
a. the first payment of Funds paid to the Proponent under a Works Agreement; or

b. the sum of the Funds spent, legally due and payable and legally and irrevocably committed by the Proponent in accordance with the Works Agreement for work done on the Proponent’s On-Farm Works up to the earlier of the expiry or termination of the Works Agreement.

The State is not to make, and is to ensure that the State’s approved Personnel does not make, a payment of Funds under a Works Agreement until and unless that Proponent has demonstrated that it has spent (or will in the next 10 Business Days spend) all of the Funds previously paid to it under that Works Agreement for its On-Farm Works in accordance with this Project Schedule and the Works Agreement.

B.5.4 Notwithstanding any withholding of Funds under the Agreement by the Commonwealth, the State agrees to continue, and must ensure that its approved Personnel continue, to perform this Priority Project, and ensure that the Proponents (and any separate Land Owners) continue to perform their Works Agreements, unless the Department of Agriculture and Water Resources agrees otherwise in writing.

C. Project Requirements and Project Milestones

C.1.1. This Item C identifies the requirements for each Component of this Priority Project. The Project Milestones for the Item C.2 Project Activities are set out in Item C.2 and will also be contained in the Annual Project Plan for that financial year (see Items C.2.5 to C.2.8). Item C.3 contains all of the Project Milestones for each Round of On-Farm Works.

C.2 Industry development, extension, marketing and client contract facilitation and project management

C.2.1. This Item C.2 Component of this Priority Project will provide for the project and contract management, capability training and education, central pivot and lateral move benchmarking, extension and industry development, marketing and monitoring activities associated with delivery of each Round of the Phase Two On-Farm Works undertaken as part of this Priority Project.

C.2.2. The outcomes of this Component are to:

a. ensure this Priority Project is embedded into relevant irrigation industry forums to ensure effective and constructive communication and feedback and to foster interaction;

b. implement a tiered awareness program to encourage various levels of interaction amongst stakeholders. This will involve the use of media, advertising, information sheets, presentations to stakeholders and the community, workshops and field days.

c. provide, or coordinate the provision of, technical services to assist irrigators in determining their water losses and their options to improve their on-farm water use efficiency;
d. undertake benchmarking to quantify the likely water savings for irrigators contemplating the installation of centre pivot and lateral move (CPLM) irrigation systems and provide a benchmark against which existing CPLM users can compare their water use;

e. provide a range of technical information and training opportunities to improve water use efficiency in irrigated agriculture in the Queensland Murray–Darling Basin and support the implementation of the Rounds of On-Farm Works;

f. demonstrate the various technologies that would improve on-farm water use efficiency, including the identification of management options for improving current on-farm irrigation technologies;

g. provide specific Priority Project information to Proponents as agreed with the Department of Agriculture and Water Resources;

h. implement a competitive application process, and assess applications, for each Round;

i. undertake (or, to the extent Item B.1.11B applies, oversee) the contractual processes (e.g. the Works Agreements) for On-Farm Works once successful applicants have been notified in accordance with Items B.4 and B.5; and

j. project manage this Priority Project, including oversight (directly or via the State's approval Personnel) of the Proponents' performance of On-Farm Works for each Round.

C.2.3. The maximum Funding payable by the Commonwealth to the State under this Project Schedule for the Component of this Priority Project described in this Item C.2 is $xxxx (excluding GST).

C.2.4. The Project Milestones for this Component for each financial year of this Priority Project are as follows, and are subject to Item B.4.3. The Project Milestones set out in the following table will be supplemented with additional Project Milestones contained in the Annual Project Plan for that financial year. An Annual Project Plan will not alter the Funding specified in this Project Schedule as payable for a Milestone. The State is required to provide the Commonwealth with a quarterly progress Report in respect of each Milestone in accordance with the requirements in Item I.1.5.
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q1                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
• Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                       | 30/9/2012 |
| Q2                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
• Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                       | 31/12/2012 |
| Q3                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
• Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
• Annual Project Plan for 2013-14 financial year as specified in Item C.2.6. |                                       | 31/3/2013 |
| Q4                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
• Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                       | 30/6/2013 |
| Q5                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
• Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                       | 30/9/2013 |
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q6                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
|                          | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
|                          | • Audited financial Report for the 2012-13 financial year as specified in Item I.1.1.                           |                                        | 31/12/2013    |
| Q7                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
|                          | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
|                          | • Annual Project Plan for 2014-15 financial year as specified in Item C.2.6.                                   |                                        | 31/3/2014     |
| Q8                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
|                          | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  |                                        | 30/6/2014     |
| Q9                       | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
|                          | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
|                          | • Strategic review and evaluation Report on the achievements, issues, key actions and recommendations for this Priority Project as per Item I.5 of this Project Schedule. |                                        | 30/9/2014     |
| Q10                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
|                          | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
<p>|                          | • Audited financial report for the 2013-14 financial year as specified in Item I.1.1                           |                                        | 31/12/2014    |</p>
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q11                     | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                          • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                          • Annual Project Plan for 2015-16 financial year as specified in Item C.2.6. | xxxxx                                  | 31/3/2015     |
| Q12                     | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                          • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. | xxxxx                                  | 30/6/2015     |
| Q13                     | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                          • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. | xxxxx                                  | 30/9/2015     |
| Q14                     | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                          • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                          • Audited financial report for the 2014-15 financial year as specified in Item I.1.1. | xxxxx                                  | 31/12/2015    |
| Q15                     | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                          • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                          • Annual Project Plan for 2016-17 financial year as specified in Item C.2.6. | xxxxx                                  | 31/3/2016     |
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q16                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                        | 30/6/2016       |
| Q17                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                        | 30/9/2016       |
| Q18                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
  • Audited financial report for the 2015-16 financial year as specified in Item I.1.1. |                                        | 31/12/2016      |
| Q19                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
  • Annual Project Plan covering July to December of the 2017-18 financial year as specified in Item C.2.6. |                                        | 31/3/2017       |
| Q20                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                        | 30/6/2017       |
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q21                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                            | 30/09/2017 |
| Q22                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                           • Audited financial Report for the 2016-17 financial year as specified in Item I.1.1. |                                            | 30/12/2017 |
| Q23                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                           • Annual Project Plan for 2018-19 financial year as specified in Item C.2.6. |                                            | 30/03/2018 |
| Q24                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                            | 30/06/2018 |
| Q25                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                            | 30/09/2018 |
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q26                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
  • Audited financial Report for the 2017-18 financial year as specified in Item I.1.1. |                                          | 31/12/2018 |
| Q27                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
  • Annual Project Plan for 2019-20 financial year as specified in Item C.2.6. |                                          | 30/03/2019 |
| Q28                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                          | 30/06/2019 |
| Q29                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM. |                                          | 30/09/2019 |
| Q30                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
  • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
  • Audited financial Report for the 2018-19 financial year as specified in Item I.1.1. |                                          | 31/12/2019 |
<table>
<thead>
<tr>
<th>Project Milestone Number</th>
<th>Performance indicators for industry development, extension, marketing and client contract facilitation and project management</th>
<th>Funding for Project Milestone (excl GST)</th>
<th>Quarter ending</th>
</tr>
</thead>
</table>
| Q31                      | • Reporting requirements as detailed in Item I.1.1 and supplemented by the Annual Project Plan for this quarter.  
                           | • Project Overview Group meeting – held between the Department of Agriculture and Water Resources and DNRM.  
                           | • Draft of the final Report for the Priority Project provided to the Department of Agriculture and Water Resources for its review and comment. | 30/03/2020    |
| Q32                      | • Final Report for the Priority Project delivered to the Department of Agriculture and Water Resources as per Item I.3. | 30/06/2020                            |               |

**Total Funding for C.2 Project Activities Component**

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**Annual Project Plans**

C.2.5. DNRM is required to prepare a draft Annual Project Plan that sets out in more detail the Project Milestones for the Item C.2 Project Activities for each financial year of this Priority Project.

C.2.6. Subject to Item C.2.7, DNRM will provide the Department of Agriculture and Water Resources with the draft Annual Project Plan for the second and each subsequent financial year of this Priority Project in its quarterly progress Report (see Item I.1.4) that is due in the March immediately preceding the start of the financial year to which it refers. The Department of Agriculture and Water Resources and DNRM will then consult in relation to the content of the draft Annual Project Plan. Once the parties have agreed the content of the draft Annual Project Plan for a financial year of this Priority Project, they will each sign it and it will become the Annual Project Plan for that financial year of the Priority Project. On signing, an Annual Project Plan will be automatically incorporated into Attachment 3 of this Project Schedule.

C.2.7. The parties have agreed the Annual Project Plan for the first financial year of this Priority Project and it is at Attachment 3 of this Project Schedule.

C.2.8. The parties may vary an Annual Project Plan for a financial year of this Priority Project by signing an amended version of that Annual Project Plan. On signing, the amended Annual Project Plan for a financial year will automatically replace the relevant part of Attachment 3 (i.e. the immediately previous Annual Project Plan for that same financial year).
C.3 Funding for the On-Farm Works

C.3.1. Subject to the provisions of the Project Schedule, including Item B.1.8A, the maximum possible Commonwealth Funding payable to the State for the total of all Phase 2 Rounds of On-Farm Works and any On-Farm Works transferred from Phase One is $xxx (excluding GST), and includes a maximum amount of $xxx (excluding GST) for the 2019-2020 financial year.

C.3.2. Both parties acknowledge, however, that the Commonwealth's actual maximum funding for this Component, and each Round of On-Farm Works, will be determined based on the Commonwealth's Validation of the Works Packages that the State submits to the Department of Agriculture and Water Resources for each Round. The Agreed Water Savings for each Round will be agreed by the parties based on the Works Packages that are accepted by the Commonwealth for that Round. Once the details of a Round are approved, the parties will then amend Item C, D, E, I and J and Attachment 4 in accordance with the process outlined in Item B.4 to incorporate the details of the Round (including its On-Farm Works, Water Entitlements and Funding) into this Project Schedule.

C.3.3. No amount of Funding will be paid by the Department of Agriculture and Water Resources unless a Department of Agriculture and Water Resources funding approval letter has been countersigned by DNRM and a Works Agreement is in place.

C.3.3A No amount of Funding will be paid by the Department of Agriculture and Water Resources for any On-Farm Works transferred from Phase One until the activities referred to in Item B.1.9A have been completed for that On-Farm Works.

C.3.4. The Project Milestones relating to each Proponent's On-Farm Works are as follows:

a. Completion of the first milestone in the Proponent's Works Agreement, being the settlement of the WTD for the Water Entitlement relating to the Proponent's On-Farm Works.

b. Completion of any subsequent intermediate milestone (being a milestone prior to the final milestone) specified in the Proponent's Works Agreement that demonstrates satisfactory progress of the Proponent's On-Farm Works; and

c. Completion of the final milestone specified in the Proponent's Works Agreement (including completion and commissioning of the Proponent's On-Farm Works).

C.3.5. The Commonwealth will make payments to the State in respect of each On-Farm Works’ Project Milestones as specified in Item J.1.9 to J.1.13.

C.3.6. The State agrees that the Commonwealth will be entitled to a proportion of any cost savings that a Proponent achieves in the completion of its On-Farm Works. When there are savings in the total actual cost of an approved On-Farm Works as identified in this Item C, the savings will be
allocated between the Proponent and the Department of Agriculture and Water Resources in proportion to the funding ratios shown for those On-Farm Works in this Item C. The Commonwealth may reduce a payment to the State in respect of a Proponent's On-Farm Works by the Commonwealth's proportion of any cost savings that the Proponent achieves in the completion of its On-Farm Works.

C.3.7. Round 3

a. The State opened Round 3 for on-farm proposals between 17 September and 15 October 2012. In implementing Round 3, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 3 is [xxx] (excluding GST).

c. The details of the approved Round 3 projects are set out in the following table:
C.3.8. Round 4
   a. The State opened Round 4 for On-Farm proposals between 22 April 2013 and 6 May 2013.
   b. No Commonwealth funding is payable to the State in respect of Round 4.

C.3.9. On-Farm Works projects transferred from Phase One into Phase Two
   a. The State opened Phase One for On-Farm proposals on 1 June 2010.
   b. On 20 May 2013 the Commonwealth agreed to transfer On-Farm Works project xxxx into Phase Two.
   c. On 20 August 2013 the Commonwealth agreed to transfer On-Farm Works project xxxx into Phase Two.
   d. The maximum Commonwealth Funding payable to the State in respect of the Phase One On-Farm Works projects transferred into Phase Two is xxxx (excluding GST).
   e. The details of the approved Phase One On-Farm Works project transferred into Phase Two are set out in the following table:
C.3.10. Round 5

a. Expressions of Interest were accepted between 6 April and 13 September 2013. Proposals were accepted up to 29 October 2013. In implementing Round 5, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 5 is xxx (excluding GST).

c. Additional Water Entitlement provided under this Round is treated as part of “Australian Government funding”.

d. The details of the approved Round 5 projects are set out in the following table:
INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
C.3.11. Round 6

a. Expressions of Interest were accepted between 20 January and 13 March 2014. Proposals were accepted up to 17 April 2014. In implementing Round 6, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 6 is [XXX] (excluding GST).

c. The details of the approved Round 6 projects are set out in the following table:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
C.3.12. Round 7

d. Expressions of Interest and proposals were accepted between 1 July and 24 December 2014. In implementing Round 7, the parties will follow the process outlined in Item B.4 of this Project Schedule.

The maximum Commonwealth Funding payable to the State in respect of Round 7 is ___ (excluding GST).

e. The details of the approved Round 7 projects are set out in the following table:

| INFORMATION REMOVED |
| COMMERCIAL – IN - CONFIDENCE |
C.3.13. Round 8

a. Expressions of Interest and proposals were accepted from 3 February to 30 June 2015. In implementing Round 8, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 8 is $xx (excluding GST).

c. The details of the approved Round 8 projects are set out in the following table:

<table>
<thead>
<tr>
<th>INFORMATION REMOVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMERCIAL – IN - CONFIDENCE</td>
</tr>
</tbody>
</table>

a. Expressions of Interest and proposals were accepted from 01 July to 24 December 2015. In implementing Round 9, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 9 is xxx (excluding GST).

c. The details of the approved Round 9 projects are set out in the following table:

| INFORMATION REMOVED |
| COMMERCIAL – IN - CONFIDENCE |
C.3.15. Round 10

a. Expressions of Interest and proposals were accepted from 4 January to 30 June 2016. In implementing Round 10, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 10 is [REDACTED] (excluding GST).

c. Additional Water Entitlement provided under this Round is treated as an ‘other contribution’.

d. The details of the approved Round 10 projects are set out in the following table:

<table>
<thead>
<tr>
<th>INFORMATION REMOVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMERCIAL – IN - CONFIDENCE</td>
</tr>
</tbody>
</table>
INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
C.3.16 Round 11

a. Expressions of Interest and proposals were accepted from 12 July 2016 to 9 January 2017. In implementing Round 11, the parties will follow the process outlined in Item B.4 of this Project Schedule.

b. The maximum Commonwealth Funding payable to the State in respect of Round 11 is $xxx (excluding GST).

c. The details of the approved Round 11 projects are set out in the following table:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
D. Project Cost

D.1 Project Cost for Priority Project

D.1.1. Unspent Funding provided for the Phase Two Project Activities specified in Item C.2 of this Project Schedule may, with the prior written agreement of the Department of Agriculture and Water Resources, be spent by the State on a Round’s On-Farm Works (see Item J.1.12 of this Project Schedule) to enable a greater number of On-Farm Works to be funded in a Round (but not to cover any cost overruns incurred by a Proponent in its performance of its On-Farm Works).

D.1.2. For this Priority Project, the following table includes maximum possible Funding for:

a. Item C.2 Project Activities; and

b. Item C.3 On-Farm Works
D.1.3. Other Contributions for Phase Two (as required under Item D.4 of this Project Schedule) must be specified in each Works Agreement between the State, or where Item B.1.11B applies, the State’s approved Personnel, and a Proponent.

D.2 Contribution Components of Priority Project

D.2.1 The various GST-exclusive contributions for the Priority Project are set out in the following table:

<table>
<thead>
<tr>
<th>Party</th>
<th>Contribution (excl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Funding for this Priority Project</td>
<td>Up to xxx</td>
</tr>
<tr>
<td>State Contributions</td>
<td>See Item D.3</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>See Items B.1.10 and D.4</td>
</tr>
</tbody>
</table>

D.3 State Contributions

D.3.1 The State agrees that it will meet any shortfall in the Project Cost for this Priority Project, should the amount of Other Contributions required under Item D.4 fail to be provided.

D.4 Other Contributions

D.4.1. The Commonwealth and State agree that the State is required to ensure that it obtains Other Contributions for this Priority Project which, when added to the Phase One Other Contributions, total at least 10 per cent of Commonwealth Contribution for the State Program.

D.4.2. Where a Proponent, following approval by DNRM, elects to contribute an Additional Water Entitlement the value of the Additional Water Entitlement will be calculated as the volume multiplied by the agreed market value for the entitlement type.

E. Transfer of Water Entitlements

E.1 Agreed Water Savings (clauses 5.2.3 and 5.2.4)

E.1.1. The timing for the agreement of Agreed Water Savings specified in clause 5.2.3 of the Agreement is modified in this Item E.1.1 for this Priority Project. This Item E and Attachment 4 together show the amount and characteristics of the Agreed Water Savings for that Round and their attribution to each Proponent’s On-Farm Works for that Round.

E.1.1A The parties agree that the Agreed Water Savings for the On-Farm Works Projects in Item C.3.9 are stated in the Phase One Project Schedule.

E.1.2. Once the details of a Round are agreed by the parties in accordance with the process in Item B.4:
a. Attachment 4 will be amended to include a table for that Round that sets out the details and characteristics of the Water Entitlements (including the Other Contributions provided as Additional Water Entitlements) that are required to be Transferred to the Commonwealth in respect of that Round; and

b. this Item E.1 will be amended to include a table for that Round that sets out the amount of the Agreed Water Savings for that Round and the attribution of those Agreed Water Savings to each Proponent's On-Farm Works in that Round.

E.1.3. The Agreed Water Savings for Round 3 are [REMOVED] Nominal Volume and are calculated as follows:

E.1.4. The Agreed Water Savings for Round 5 are [REMOVED] Nominal Volume and are calculated as follows:
E.1.5. The Agreed Water Savings for Round 6 are [INFORMATION REMOVED] Nominal Volume and are [INFORMATION REMOVED]
E.1.6. The Agreed Water Savings for Round 7 are [ ] Nominal Volume and are calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE

E.1.7. The Agreed Water Savings for Round 8 are [ ] Nominal Volume and are calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
E.1.8. The Agreed Water Savings for Round 9 are [redacted] Nominal Volume and are calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE

E.1.9. The Agreed Water Savings for Round 10 are [redacted] Nominal Volume and are calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
E.1.10 The Agreed Water Savings for Round 11 are xxx Nominal Volume and are calculated as follows:

E.2 The Commonwealth's Proportion of Agreed Water Savings (clause 5.2.3)

E.2.1. The Commonwealth and State agree that the Commonwealth's Proportion of Agreed Water Savings for each On-Farm Works must not be less than 50 per cent of the Agreed Water Savings for those On-Farm Works.

E.2.1A The parties agree that the Commonwealth's Proportion of Agreed Water Savings for On-Farm Works projects in Item C.3.9 have been transferred to the Commonwealth under Phase One.

E.2.2. Once the parties have agreed the details of a Round in accordance with the process in Item B.4, this Item E.2 and Attachment 4 will be amended to include a table for that Round that sets out the total Commonwealth's Proportion of the Agreed Water Savings for that Round and the part of the Commonwealth's Proportion of the Agreed Water Savings that is attributable to each of the Proponent's On-Farm Works in that Round.

E.2.3. The Commonwealth's Proportion of the Agreed Water Savings for Round 3 is xxx Nominal Volume and is calculated as follows:
E.2.4. The Commonwealth's Proportion of the Agreed Water Savings for Round 5 is [X] Nominal Volume and is calculated as follows:
E.2.5. The Commonwealth's Proportion of the Agreed Water Savings for Round 6 is [INFORMATION REMOVED] Nominal Volume and is calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE

E.2.6. The Commonwealth's Proportion of the Agreed Water Savings for Round 7 is [INFORMATION REMOVED] Nominal Volume and is calculated as follows:
E.2.7. The Commonwealth's Proportion of the Agreed Water Savings for Round 8 is [INFORMATION REMOVED] Nominal Volume and is calculated as follows:

E.2.8. The Commonwealth's Proportion of the Agreed Water Savings for Round 9 is [INFORMATION REMOVED] Nominal Volume and is calculated as follows:
E.2.9. The Commonwealth's Proportion of the Agreed Water Savings for Round 10 is [INFORMATION REMOVED] Nominal Volume and is calculated as follows:
E.2.10 The Commonwealth's Proportion of the Agreed Water Savings for Round 11 is [Nominal Volume] and is calculated as follows:

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
E.3. **Transfer of Water Entitlements (clauses 5.2.6 - 5.2.8)**

E.3.1. Once the parties have agreed the details of a Round in accordance with the process in Item B.4, Attachment 4 will be amended to include a table for that Round that sets out the details of the Water Entitlements that are required to be transferred to the Commonwealth in respect of each On-Farm Works in that Round.

E.3.2. The Commonwealth and State agree that, subject to satisfactory Legal Due Diligence and the completion of the relevant WTDs and Item E.3.3, the Water Entitlements specified in Attachment 4 will be permanently Transferred to the Commonwealth in accordance with the Agreement and this Project Schedule.

E.3.3. Where the Water Entitlement to be transferred to the Commonwealth will be created by subdividing an existing Water Entitlement, the licence number of that Water Entitlement should be specified as the “Water Entitlement Licence Number” together with the words “subdivision required” in Attachment 4. The “Volume of Water” specified in Attachment 4, however, is to be the volume of the Water Entitlement that after the subdivision is to be transferred to the Commonwealth.

E.4. **Arrangements between the State or a third party or a Proponent**

E.4.1. Refer to Items B.4 and B.5 of this Project Schedule.

E.5. **Verification of Actual Water Savings (clauses 5.2.9 and 5.2.10)**

E.5.1. Clauses 5.2.9 and 5.2.10 of the Agreement do not apply to this Priority Project.

F. **Sharing Actual Water Savings additional to Agreed Water Savings**

F.1.1. This Item does not apply to this Priority Project.

G. **Agreement Material and Existing Material relating to this Priority Project**

G.1. **Agreement Material**

G.1.1. In relation to clause 11.2 of the Agreement the following conditions apply to the following Agreement Material that relates to this Priority Project:
G.2. Existing Material

G.2.1. In relation to clause 11.3 of the Agreement, the following conditions apply to the following Existing Material that relates to this Priority Project:

<table>
<thead>
<tr>
<th>Item of Existing Material (excluding that which is contained in a Report)</th>
<th>Condition or restriction on Australian Government's use of that Existing Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nil</td>
<td>None</td>
</tr>
</tbody>
</table>

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 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 in ‘fault’ means any reckless, negligent or unlawful act or omission orwilful misconduct.

H.1.3. The right of the Commonwealth to be indemnified in this item is in addition to, and not exclusive of, any 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. Priority Project Reports

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

<table>
<thead>
<tr>
<th>Type e.g. Progress Report, or Final Report</th>
<th>Information Report is to contain</th>
<th>Date Report Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress (Milestone) Reports for the Component of the Priority Project set out in Items C.2</td>
<td>The State is required to provide a quarterly progress Report on its performance of the Priority Project during the previous quarter, including any overdue Item C.2 Project Activities and the Item C.2 Project Activities specified for the quarter in Item C.2.4 and the relevant Annual Project Plan, which is consistent with the relevant requirements in Items I.1.2 to I.1.5 below. As agreed by the Parties every second Quarterly Progress Report will be a &quot;by exception&quot; report (see Items I.1.2 to I.1.5).</td>
<td>The last business day of the month immediately following the end of the quarter to which the Report pertains.</td>
</tr>
<tr>
<td>Report required in respect of Project Milestones for each Round of On-Farm Works (see Item C.3) and On-Farm Works in Item C.3.9 other than the first Project Milestone in a Works Agreement</td>
<td>The State is required to provide the monthly Report specified in Item I.2 to demonstrate that a Proponent has satisfactorily completed a Project Milestone specified in its Works Agreement (other than the first Project Milestone in that Works Agreement) and to enable the State to obtain Commonwealth reimbursement for payments made to Proponents for those Project Milestones under the Works Agreements.</td>
<td>The last business day of each month in relation to the Item C.3 Project Milestones completed and paid by DNRM (or, where Item B.1.11B applies, its approved Personnel) to the Proponent since the last business day of the previous month.</td>
</tr>
<tr>
<td>Strategic review and evaluation Report</td>
<td>A summary of the extent to which this Priority Project has met, exceeded or fallen short of its aims/objectives stated in Item B.2, consistent with Item I.5. This strategic review and evaluation Report is required to evaluate the ongoing design and delivery requirements for the remainder of this Priority Project.</td>
<td>30 September 2014</td>
</tr>
<tr>
<td>Type e.g. Progress Report, or Final Report</td>
<td>Information Report is to contain</td>
<td>Date Report Due</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Audited Financial Reports</td>
<td>Audited Financial Reports, that contain the information specified in Item C of Schedule 4 of the Agreement, are required as follows:</td>
<td>15 Nov 2013</td>
</tr>
<tr>
<td></td>
<td>- Audited Financial Report for 2017-18 by 15 November 2018</td>
<td>15 Nov 2018</td>
</tr>
<tr>
<td></td>
<td>unless Item C.1.1.b of Schedule 4 of the Agreement requires an Audited Financial Report at a different time.</td>
<td></td>
</tr>
<tr>
<td>Final Project Report</td>
<td>A Final Project Report as specified in Item I.3 below</td>
<td>See Item I.3</td>
</tr>
</tbody>
</table>

**I.1.2.** The first, and then each even-numbered, quarterly progress Report that is required under Item I.1.1 must:

a. demonstrate completion of the Item C.2 Project Milestones overdue for completion or specified in Item C.2.4 and the relevant Annual Project Plan for the period covered by the Report (Period), to the satisfaction of the Commonwealth;

b. contain evidence of the project management and contract management activities, the progress and performance of each On-Farm Works and the promotional activities undertaken for this Priority Project during the Period,
c. contain a description of the actual performance of the Priority Project to date against the aim of the Priority Project (as specified in Item B.2 of this Project Schedule);

d. contain a description of the activities, if any, undertaken for the Priority Project to date by each Proponent (if any);

e. contain an income and expenditure statement of the Funding, State Contributions and Other Contributions for the Priority Project for the Period and the Priority Project to date. The income and expenditure statement should include details of the staff employed on this Priority Project and their locations as well as the amount of Funding spent for each Component and each On-Farm Works;

f. contain an income and expenditure statement of the Proponents' use of the Funding, any State Contributions and the Other Contributions for the Priority Project for the Period and the Priority Project to date;

g. contain a statement as to whether the Priority Project (including the On-Farm Works) is to date proceeding within the Project Cost and if it is not, an explanation as to why the Project Cost is not being met and the action the State proposes to take to address this;

h. contain a statement of any interest earned by the State to date on the Funds provided for the Priority Project;

i. contain information about the promotional activities undertaken in relation to, and media coverage of, the Priority Project during the Period;

j. contain a description of the work that will be undertaken to complete the Project Milestone(s), and any expected promotional opportunities, during the next reporting period;

k. identify the Agreed Water Savings (if any) for the Priority Project to date; and

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

I.1.3. The third, and then every odd-numbered, quarterly progress Report is a “by exception” Report. This Report must detail:

a. any milestone achievements or status changes that have occurred in that quarter, and

b. any other items that are agreed by the State and the Commonwealth to be included in a “by exception” Report.

I.1.4. In addition to the above, each quarterly progress Report that is due in respect of a March quarter must contain the draft Annual Project Plan for the following financial year of the Priority Project. The draft Annual Project Plan is referred to in Items C.2.5 and C.2.6 and is to contain the
Item C.2 Project Activities that DNRM proposes to undertake in the immediately following financial year of the Priority Project.

I.1.5. As noted in Item J.1.6, a quarterly progress Report that complies with all of the relevant requirements in Items I.1.2 to I.1.4, and which demonstrates to the Department of Agriculture and Water Resources' reasonable satisfaction that DNRM has completed the Project Milestones specified in Item C.2.4 and the relevant Annual Project Plan for that quarter, is required for payment of Funds in respect of Item C.2.

I.2. Report requirements in respect of Project Milestones for Item C.3 On-Farm Works

I.2.1 Subject to Item I.2.2, by the last business day of each month, the State is to provide a Report to the Commonwealth that specifies the Project Milestones referred to in Item C.3 (separately for each Round) that have been satisfactorily achieved and in respect of which a payment has been made by the State (or its approved Personnel) to a Proponent under a Works Agreement since the last business day of the immediately preceding month. This Report must contain the following information:

a. the name of each Proponent that has satisfactorily achieved an Item C.3 Project Milestone during that period;

b. the Round and the On-Farm Works in respect of which each Proponent has satisfactorily achieved an Item C.3 Project Milestone during that period (including the reference number for those On-Farm Works);

c. the Item C.3 Project Milestone that each Proponent has satisfactorily achieved during that period in respect of those On-Farm Works; and

d. the amount that has been paid to each Proponent under the relevant Works Agreement for the satisfactory completion of that Item C.3 Project Milestone.

I.2.2 DNRM is not required to provide the Department of Agriculture and Water Resources with the report specified in Item I.1.1 in order to be reimbursed for the first payment that is made to a Proponent under each Works Agreement.

I.2.3 DNRM is not to include an Item C.3 Project Milestone in the Report identified under Item I.2.1 until and unless the relevant Proponent has provided DNRM (or, where Item B.1.10B applies, the State’s approved Personnel) with a 'Milestone Report' under its Works Agreement that demonstrates the completion of that Project Milestone and contains all of the information required by the Works Agreement.
I.3. **Final Project Report**

I.3.1 The final Project Report listed in Item I.1.1 of this Project Schedule will be a stand-alone document that can be used for public information dissemination purposes regarding this Priority Project.

I.3.2 The final Project Report for the Priority Project is due on the earlier of:

a. 31 July 2020 or

b. 20 Business Days after the completion of the Priority Project; or

c. 20 Business Days after the termination of this Project Schedule or the Priority Project.

I.3.3 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 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. provides financial information regarding the total Project Cost, Funding, State Contributions and Other Contributions for the Priority Project;

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

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

I.3.4 The final Project Report should be accompanied by a certified income and expenditure statement signed by a delegated officer of DNRM that clearly identifies:

a. the amount of interest earned by the State on the Funding;

b. the extent to which all Funding paid to the State (and any interest earned by the State on the Funds) was spent by the State and the Proponents with the Department of Agriculture and Water Resources’ agreement, and in accordance with this Project Schedule;

c. any financial or in-kind State Contributions that were provided for the Priority Project;

d. any Other Contributions that were provided for this Priority Project;

e. any cost savings or cost overruns for this Priority Project; and

f. advice on the amount of any Funds paid to the State that is to be returned by the State to the Commonwealth.
I.4. Audited Financial Reports

I.4.1 An audited financial report is to be provided for the Priority Project as specified in Item C of Schedule 4 of the Agreement - see Item I.1.1.

I.5. Strategic review and evaluation Report

I.5.1 The State agrees to provide the strategic review and evaluation Report referred to in Items B.3.7 and I.1.1 by 30 September 2014, which must contain the following information:

a. the extent to which the Priority Project has met, exceeded or not achieved the Priority Project aims/objectives;

b. a summary of irrigator interest and participation in the Priority Project;

c. any other items that are agreed by the State and Australian Government to be included in this Report.

I.5.2 This strategic review and evaluation Report will be used by the parties to evaluate the ongoing design and delivery requirements for the remainder of this Priority Project.

J. Payment Schedule for Commonwealth Funding for the Project

General provisions

J.1.1. The maximum possible GST- exclusive Commonwealth funding payable to the State in respect of this Priority Project is [xxx]

J.1.2. The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule in respect of the Item C.2 Component of this Priority Project is [xxx]

J.1.3. The maximum possible GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for the Priority Project Component in Item C.3.1 (e.g. the total Funds for all On-Farm Works) is [xxx] However, the actual maximum amount payable for each Round (and ultimately the Component) will be determined via the process in Items B.4 and C.3 of this Project Schedule. Once the parties have agreed the details of a Round in accordance with Item B.4, this Item J will be amended to specify the actual maximum Funding for that Round.

J.1.4. The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 3 of the On-Farm Works is [xxx]

J.1.4.A The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 4 of the On-Farm Works is [xxx].

J.1.4.B The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 5 of the On-Farm Works is [xxx]
J.1.4.C The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 6 of the On-Farm Works is [ ].

J.1.4.D The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 7 of the On-Farm Works is [ ].

J.1.4.E The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 8 of the On-Farm Works is [ ].

J.1.4.F The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 9 of the On-Farm Works is [ ].

J.1.4.G The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 10 of the On-Farm Works is [ ].

J.1.4.H The maximum GST-exclusive amount of Funds payable by the Commonwealth to the State under this Project Schedule for Round 11 of the On-Farm Works is [ ].

Payment provisions regarding the Project Milestones in Item C.2 of this Project Schedule

J.1.5. Subject to the terms of clauses 6 and 17 of the Agreement, the Funding shall be paid in respect of the Item C.2 Project Activities in instalments on the completion of the Payment Preconditions specified in the table at Item C.2.4, the Annual Project Plans and Item I.1.5. Each payment of Funds specified in Item C.2.4 is due in the next Treasury-to-Treasury payment cycle that commences after the date that the State is assessed as having completed all of the Payment Preconditions relating to that payment of Funds and has provided the Commonwealth with an invoice for that payment.

J.1.6. Failure to demonstrate in a quarterly progress Report the satisfactory completion of all Payment Preconditions for an Item C.2 Project Milestone that are specified in Item C.2.4 and the relevant Annual Project Plan as being due for completion in that quarter may result in the Commonwealth withholding some or all of the Funding payment specified in Item C.2.4 for that Item C.2 Project Milestone until such time as the State provides evidence, in a subsequent quarterly progress Report, that the outstanding part of that Item C.2 Project Milestone has been satisfactorily completed.

J.1.7. Funding specified in Item C.2.4 of this Project Schedule for a financial year will not be paid by the Department of Agriculture and Water Resources until the parties have agreed the Annual Project Plan for that financial year.
Payment provisions regarding Project Milestones in Item C.3 of this Project Schedule

J.1.8. Subject to:
   a. the terms of clauses 6 and 17 of the Agreement;
   b. the maximum Funding for a Round specified in this Item J; and
   c. Items J.1.8 to J.1.12,

   on the Commonwealth's receipt of a Report from the State containing the information required by Item I.2 about the Project Milestones for that Round or On-Farm Works Project in Item C.3.9, and an accompanying payment invoice from the State, the Commonwealth will pay an amount of Funds to the State to reimburse the State for payments made to Proponents in accordance with their Works Agreements during the period that is the subject of that Report. The Commonwealth will pay this reimbursement amount to the State, via the next Treasury-to-Treasury payment cycle that commences after the Report and invoice are accepted by the Department of Agriculture and Water Resources.

J.1.9. The Report specified in Item I.2 is not required in order for the Commonwealth to reimburse the State for the first payment made by the State to a Proponent under a Works Agreement. Instead, the Department of Agriculture and Water Resources will advise DNRM when settlement will occur and DNRM will then make the first payment to the Proponent under that Works Agreement within one to two weeks after settlement occurs. On receipt of a payment invoice from the State and a covering letter advising the Department of Agriculture and Water Resources that DNRM has made this first Works Agreement payment to the Proponent, the Commonwealth will pay, via the Treasury-to-Treasury payment arrangements, an amount of Funds to the State to reimburse the State for that first Works Agreement payment. The Commonwealth will pay this reimbursement amount to the State via the next Treasury-to-Treasury payment cycle that commences after the Department of Agriculture and Water Resources receives and accepts the payment invoice and covering letter from DNRM.

J.1.10. In respect of a Project Milestone specified in Item C.3, the Commonwealth will not pay the State Funds in excess of the amount specified in the Works Agreement for that Project Milestone or the amount actually paid by DNRM (or, where Item B.1.10B applies, the State’s approved Personnel) for that Project Milestone. Also, the Commonwealth may reduce the amount of Funding that it pays for an Item C.3 Project Milestone relating to On-Farm Works by the amount of any Commonwealth proportion of cost savings that the relevant Proponent has achieved in its performance of those On-Farm Works (see Item C.3.6).

Other general provisions:
J.1.11. No payments for Project Activities under this Project Schedule will be made to the State outside of this Item J. The Commonwealth will not directly pay the Funds to any person other than the State.

J.1.12. Notwithstanding clause 6.3 of the Agreement, any unspent Funds for Project Activities identified in Item C.2 of this Project Schedule can be reallocated for expenditure on the On-Farm Works referred to in Item C.3 provided the Department of Agriculture and Water Resources agrees to this reallocation.

J.1.13. Notwithstanding anything to the contrary in clause 17 of the Agreement or Item B of this Project Schedule, the Department of Agriculture and Water Resources agrees to reimburse DNRM any amount that is required to be paid to a Proponent under clause 17.2 or 17.4(a) of a Works Agreement on termination of that Works Agreement provided that Item B.5.1.j and B.5.1.k.i have been complied with and that this Project Schedule was amended to include the details of the Works Agreement's On-Farm Works prior to the Works Agreement being executed. Any such reimbursement payment will be paid via the next Treasury-to-Treasury payment cycle that commences after the Department of Agriculture and Water Resources receives and accepts:

a. evidence that the amount has been paid to the Proponent under clause 17.2 or 17.4(a) of its Works Agreement; and

b. an invoice from DNRM for the reimbursement payment.
ATTACHMENT 1: REQUIREMENTS RELATING TO THE BUILDING CODE 2013

1.1 Interpretation

1.1.1 In this Attachment 1:

**Commonwealth funded building work** means work in items 1-8 of Schedule 1 of the Building Code.


**Project Parties** means all proponents, contractors, subcontractors, consultants and employees who perform on-site work in relation to this Priority Project.

1.2 Compliance with Building Code

1.2.1 Where the Funding relates to Commonwealth funded building work, the State must comply and ensure that the Project Parties comply with the Building Code and the Guidelines.

1.2.2 The State must ensure that:

a. all requests for expressions of interest, in or requests for tender (however described) in relation to the Priority Project made by the State or any of the Project Parties contain the commitment to apply the Building Code as set out in the model tender documents and

b. all contracts entered into in relation to the Priority Project by the State, or any of the Project Parties, contain the requirement to apply the Building Code as set out in the model contract clauses.

1.1.2 The State must notify the Australian Building and Construction Commission (ABC Commissioner) when the tender process for work in relation to the Priority Project is complete and a building contractor or building industry participant has been awarded a contract to undertake Commonwealth funded building work. The notification should include:

a. the name and contact details of the building contractor or building industry participant; and

b. a description of the proposed work; and

c. the location of the work; and

d. the cost of the project; and

e. the proposed project start and completion dates.
1.3  **State must maintain Records and permit access**

1.3.1 The State must maintain adequate records of compliance by it and each of the Project Parties with the Building Code and the Guidelines. The State must permit the Commonwealth or any person authorised by the Commonwealth, including a person occupying a position in the Australian Building and Construction Commission, 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 Building Code and the Guidelines.

1.3.2 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 Australian Building Construction Commission, to produce a specified document within a specified period, in person, by fax, or by post.

1.3.3 The Commonwealth, the ABC Commissioner and Minister for Employment may publish or otherwise disclose information in relation to compliance by the State and the Project Parties with the Building Code and the Guidelines. The State must 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 must not appoint a proponent, contractor, subcontractor or consultant in relation to the Priority Project where:

a. there are reasonable grounds to believe the building contractor or building industry participant is covered by an enterprise agreement that is inconsistent with the Building Code;

b. there are reasonable grounds to believe that the building contractor or building industry participant is a party to an agreement of a kind described in subsection 10(1) of the Building Code;

c. an exclusion sanction applies to the building contractor or building industry participant; or
d. an adverse decision, direction or order of a court or tribunal has been made in relation to the building contractor or building industry participant and a contravention of any of the following in respect of building work:

i. a designated building law; or

ii. the *Work Health and Safety Act 2011* or a corresponding WHS law; or

iii. the *Competition and Consumer Act 2010*; and

iv. There are reasonable grounds to believe that the building contractor or building industry participant has failed to comply with the decision, direction or order.
ATTACHMENT 2: REQUIREMENTS RELATING TO THE AUSTRALIAN GOVERNMENT BUILDING AND CONSTRUCTION WHS ACCREDITATION SCHEME (THE SCHEME)

1.1 Interpretation

1.1.1 In this Attachment 2:

- **the Act** means Building and Construction Industry (Improving Productivity) Act 2016 (Cth)
- **Builder** has the meaning given in section 43(8) of the Act
- **Building Work** has the meaning given in section 6 of the Act
- **Regulation** means the *Fair Work (Building Industry - Accreditation Scheme) Regulations 2016*; and
- **Scheme** means the Scheme described at section 43 of the Act.

1.2 Scheme requirements

1.2.1 Subject to the exclusions specified in the Regulation, construction projects that utilise funds provided under this project Schedule are bound by the application of the Scheme.

1.2.2 The State must ensure it complies with item 1.2.3 below, for all contracts that it enters into as part of the Priority Project, and all contracts that its subcontractors enter into as part of the Priority Project, where the head contracts for Building Work are valued at $4 million or more (GST inclusive); and

1.2.3 For contracts which are subject to item 1.2.2, the following conditions must be satisfied:

   a. those contracts are notified to the Office of the Federal Safety Commissioner at the earliest possible opportunity (that is, when approaching the market); and

   b. contain a requirement that the Builder:

      i. is accredited under the Scheme;

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

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

      iv. must comply with the National Construction Code performance requirements in relation to building materials.
1.2.4 The State agrees to notify the Commonwealth immediately if that Builder has ceased, or is likely to cease, to meet the accreditation requirements in item 1.2.3 (b).

1.2.5 The State must maintain adequate records of compliance by it, and each of its subcontractors, with the Scheme.
ATTACHMENT 3: ANNUAL WORK PLAN AS AGREED BETWEEN THE AUSTRALIAN GOVERNMENT AND THE STATE

1.1 Interpretation

1.1.1 In this Attachment 3:

Industry Advisory Committee means the multi-disciplinary group that is established to assist DNRM in progressing the HHWUE project to best address the needs of the irrigation industry located in the QMDB.

The committee will:

- provide input and communicate ideas, concerns and issues relating to the irrigation industry
- act as a conduit between the Department and the industry by communicating information about the projects status and outcomes
- gather feedback on issues of interest to the Department, from interest groups and the local community
- provide ideas and support related to the development of small projects aimed at increasing the knowledge of irrigators on water use efficiency measures

1.2 Treatment of Annual Work Plans

1.2.1 The State is required to prepare and submit an Annual Project Plan to the Commonwealth, in accordance with Items C.2.5 to C.2.6. Once the parties have agreed to and signed the Annual Project Plan for a specific financial year of this Priority Project, this Attachment 3 will be automatically updated to include that Annual Project Plan, which may be subsequently varied in accordance with Item C.2.8.
## 1.3 Annual Project Plan for 2017/18

In accordance with Item C.2.7, the Annual Project Plan for Financial Year 2017/18 is set out in the following table:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Performance Indicator</th>
<th>Quarter ending</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry development, extension, marketing client contract facilitation and project management activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical information and training delivered as identified by key industry personnel</td>
<td>Communications Plan (developed by 30 June 2017)</td>
<td>30-Jun-17</td>
</tr>
<tr>
<td></td>
<td>Engagement conducted as per the Communications Plan</td>
<td>30-Sep-17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31-Dec-17</td>
</tr>
<tr>
<td>Certification and modelling provided to approved projects to assist in the unencumbering of water entitlements</td>
<td>Up to 10 conducted and results reported during the 2017/18 year</td>
<td>30-Sep-17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31-Dec-17</td>
</tr>
<tr>
<td><strong>On-Farm Works activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biannual infrastructure funding rounds, each with up to six monthly application periods</td>
<td>Tender rounds will target the following:</td>
<td>30-Sep-17</td>
</tr>
<tr>
<td></td>
<td>• Round opens on the first business day and closes on the last business days of the month</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td></td>
<td>• Round works package delivered within 15 business days of the round closing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Round works agreement negotiation commenced within 10 business days of applicants being notified of approved projects</td>
<td></td>
</tr>
<tr>
<td>Monitoring and Management of the progress of Phase 2 works agreements against agreed milestones</td>
<td>Proponent activities progressing according to Schedule 2 of the respective works agreements:</td>
<td>30-Sep-17</td>
</tr>
<tr>
<td></td>
<td>• action taken to address where exceptions are identified</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td></td>
<td>• assisting in the process to transfer water savings to Commonwealth Environmental Water Office</td>
<td>31-Mar-18</td>
</tr>
<tr>
<td></td>
<td>• payment claims assessed and processed with payments made within 20 business days (after all documentation is received)</td>
<td>30-Jun-18</td>
</tr>
</tbody>
</table>
Once the parties have agreed the details for a Round, this Attachment 4 will be amended to insert a table for each Round that includes the details of each Water Entitlement (Agreed Water Savings and Additional Water Entitlements) that is to be Transferred to the Commonwealth in respect of that Round.

For the purpose of Item E.3, the Water Entitlements to be transferred to the Commonwealth for **Round 3** are set out below:

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<thead>
<tr>
<th>On-Farm Works Reference Number</th>
<th>Legal name of Proponent and ACN (or if no ACN, ABN)</th>
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For the purpose of Item E.3, the Water Entitlements to be transferred to the Commonwealth for **Round 8** are set out below:

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For the purpose of Item E.3, the Water Entitlements to be transferred to the Commonwealth for **Round 9** are set out below:

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<tr>
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<th>Legal name of Entitlement Owner for this Water Entitlement and ACN (or if no ACN, ABN)</th>
<th>Water Entitlement Licence Number</th>
<th>Volume of Water (ML) in Water Entitlement</th>
<th>Volume of Water (ML) in Water Entitlement as Additional Water Entitlement</th>
<th>Location / Water Source</th>
<th>Supplemented or Unsupplemented</th>
<th>If Unsupplemented, does it have an overland flow special condition or other special condition that needs to be removed before it can be traded (See B.1.8)?</th>
<th>Security of Water Entitlement</th>
<th>Purpose</th>
</tr>
</thead>
</table>

**INFORMATION REMOVED**

COMMERCIAL – IN - CONFIDENCE
For the purpose of Item E.3, the Water Entitlements to be transferred to the Commonwealth for Round 11 are set out below:
<table>
<thead>
<tr>
<th>On-Farm Works Reference Number</th>
<th>Legal name of Proponent and ACN (or if no ACN, ABN)</th>
<th>Legal name of Entitlement Owner for this Water Entitlement and ACN (or if no ACN, ABN)</th>
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**INFORMATION REMOVED**

**COMMERCIAL – IN - CONFIDENCE**
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<th>Security of Water Entitlement</th>
<th>Purpose</th>
</tr>
</thead>
</table>

INFORMATION REMOVED
COMMERCIAL – IN - CONFIDENCE
The following table identifies variations to Works Agreements where prior consultation with the Department of Agriculture and Water Resources is not required. The Department of Agriculture and Water Resources will be advised subsequent to formal variations of Works Agreements, and the Department of Agriculture and Water Resources will be provided with a copy of the varied works agreement.

<table>
<thead>
<tr>
<th>1. When it is sought to vary intermediate milestone payments of the <strong>Schedule 2 Milestone Table of the Works Agreement</strong>, which do not result in an increase in value or move the Milestone into a new financial year (note, first and final payments may not be re-negotiated). DNRM will notify the Department of Agriculture and Water Resources of resulting payment re-forecasts through routine reporting.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Minor changes to projects where the Value for Money of the proposal is unchanged or increased.</td>
</tr>
</tbody>
</table>
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.

Dated the day of 20 .

SIGNED for and on behalf of the Australian Government of Australia by: )

Name of signatory Signature

In the presence of:

Name of witness Signature of witness

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

Name of signatory Signature

In the presence of:

Name of witness Signature of witness