

# Sunraysia Modernisation Project

## Project Schedule

## Project Schedule - Sunraysia Modernisation Project

### A. PREAMBLE

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This Project Schedule to the Water Management Partnership Agreement (Agreement) dated 11 January 2010 between the Commonwealth of Australia (the Commonwealth) and the State of Victoria (the State), sets out the terms and conditions under which the Commonwealth will fund and the State will deliver the Sunraysia Modernisation Project (the Project).

Capitalised terms in this Project Schedule are defined in Item K of this Project Schedule or have the same meaning as in clause 18.4 of the Agreement.

### B. Sunraysia Modernisation Project

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#### B.1. Summary and duration of Project

B.1.1. The Project involves the State through the Proponent, Lower Murray Urban and Rural Water Corporation (LMW) delivering a program of an integrated body of Works across the Mildura, Red Cliffs and Merbein irrigation districts in the Sunraysia region of northern Victoria. A map of the location of the Works is at **Attachment 1** to this Project Schedule.

B.1.2. The Project will:

- a. upgrade the key pump stations in Sunraysia to improve reliability and energy efficiency, noting that LMW has commenced the upgrade of the pump stations in Mildura and Red Cliffs;
- b. replace 21.4km of main open channels with low pressure pipeline, including 5.4 km of open channels that run through urban areas;
- c. upgrade 2,139 irrigation meters and install 2,459 domestic and stock meters;
- d. install channel automation in the remaining 23.8km open channel network including 19 regulating structures;
- e. install 7.8km of low pressure pipeline (5.3km to replace Channel T and 2.5km to connect T South and K West Areas to the Benetook Pump Station);
- f. install 3.9km of low pressure pipeline system from C relift pump station to Pillars Outfall
- g. Transfer 7.0 GL LTAAY River Murray High Reliability (Zone 7) Water Savings to the Commonwealth.

B.1.3. This Project ends when the Commonwealth makes the final payment to the State (noting that a Final Project Report is due after the end of the Project in accordance with Item I.2.).

B.1.4. The total Project Cost is \$120,350,000 (excluding GST) which includes the State Contribution of \$17,350,000, and Commonwealth Funding of \$524,970 already provided to the State for the development of the Business Case for the Project.

B.1.5. The maximum Funding payable by the Commonwealth to the State for the Project under this Agreement is \$102,475,030 (excluding GST).

**B.2. Aim of Project**

B.2.1. The Project will result in the Transfer of 7.0 GL of LTAAY River Murray High Reliability (Zone 7) Agreed Water Savings to the Commonwealth.

B.2.2. The Project will upgrade the current irrigation infrastructure in the region to:

- a. provide improved access to irrigation during the winter months enhancing the opportunity to establish some crop types and increase potential yield;
- b. increase water quality and reduce water filtration costs;
- c. enable 365 day per year watering on demand for a greater proportion of properties, and improve energy efficiency and flow rates to better match crop water requirements;
- d. enable accurate measurement and reading of meters, consistent with National Water Initiative objectives for metering;
- e. enable the region to diversify cropping types utilising winter time irrigation and bring other areas back into production;
- f. reduce the incidence of system shut down and potential loss of production and crop failure;
- g. reduce operational and maintenance costs through decommissioning redundant pipelines, and
- h. deliver environmental benefits, including to contribute to reduced salinity and improve environmental watering to Woorlong Wetland System and Cardross Lakes.

**B.3. Project Requirements**

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

B.3.2. The State agrees:

- a. that the Project will deliver the Agreed Water Savings to the Commonwealth in return for its investment. The Agreed Water Savings will be Transferred as River Murray HR (Zone 7) Water Shares from LMW's loss allowance on the bulk entitlement;
- b. that it has sole responsibility for managing the implementation of the Project, with the Commonwealth not required to perform any on-ground aspects of the Project;
- c. that no Project Funding may be used to fund any rebate or subsidy LMW offers to irrigators, e.g. to put back into irrigated production areas previously dried-off;
- d. to ensure that there is proper and efficient monitoring, auditing and reporting of expenditure against the Project Cost, delivery of the Works, and delivery of

Agreed Water Savings, and to keep the Commonwealth informed of the progress and outcomes of this Project;

- e. that, if requested, it will give, and will ensure that LMW gives, the Commonwealth access to the State's and LMW's relevant records and personnel, to enable the Commonwealth to conduct audits, reviews and Works Inspections, by a person appointed by the Commonwealth, of any aspect of the Project;
- f. to ensure that the Contract between the State and LMW contains a clause which:
  - i. requires LMW to give the Commonwealth access to records and personnel, to enable the Commonwealth to conduct audits, reviews and Works Inspections, by a person appointed by the Commonwealth, of any aspect of the Project, including verifying the carrying out of Works for which Funding or State Contribution has been paid, and whether those Works have achieved the Agreed Water Savings; and
  - ii. provides that LMW holds its rights under that clause as agent of, and trustee for, the Commonwealth, and that the Commonwealth is treated to that extent as a party to the Contract;
- g. that the governance arrangements in the Business Case are established before any activities related to the physical works on the Project commence;
- h. to ensure that LMW develops cost-effective arrangements for the use of its modernised infrastructure system for environmental watering actions in relation to Cardross Lakes and Woorlong Wetland System. These arrangements will ensure costs incurred by the environmental water holders (including the Commonwealth Environmental Water Holder) are reasonable in comparison to other system users. The State must also ensure that LMW consults the Commonwealth Environmental Water Holder in the development of these arrangements;
- i. that all aspects of the Project will be carried out in accordance with all applicable laws (including, but not limited to, planning, environmental, workplace health and safety, building and regulatory approvals) and all applicable Australian standards;
- j. that it will ensure that any necessary approvals, permits and consents are in place prior to commencement of and during relevant Works;
- k. to comply with, and require that Proponents and their Sub-contractors comply with, the *Building Code 2013* and Guidelines in carrying out the Works, as set out in **Attachment 1** to this Project Schedule;
- l. to comply with and require that LMW complies with the requirements of the *Fair Work (Building Industry) Act 2012* (Cth) in carrying out the Works, as set out in **Attachment 3** to this Project Schedule;
- m. to undertake audits of Works in relation to the Project on a random basis using independent auditors, with the costs to be funded from the administration component of the Budget. These audits are separate from, and additional to, any other Project auditing that the Commonwealth may undertake at its own cost;

- n. that it is responsible for meeting the Milestones and ensuring an appropriate alignment of payments to LMW against costs incurred, water Transferred and Works completed;
- o. that it is responsible for ensuring that Project Reports, Final Reports and independent audit statements in respect of the Project are provided to the Commonwealth;
- p. that it is responsible for ensuring the proper and efficient conduct of this Project notwithstanding the role of LMW;
- q. that it is responsible for ensuring all of LMW's Works are properly costed, technically sound and fit-for-purpose;
- r. to provide evidence of its compliance with this Item B, consistent with Item I;
- s. to ensure that the meters comply with the National Framework for Non-Urban Water Metering which incorporates the Victorian State Implementation Plan;
- t. to ensure that all Sub-contractors maintain:
  - i. workers compensation insurance as required by law;
  - ii. public liability insurance for \$20 million per claim or occurrence giving rise to a claim in respect of activities undertaken in relation to the Works; and
  - iii. insurance against any loss or damage to an asset valued at over \$5,000 or more that is created or acquired with the Funding for its full reinstatement or replacement cost;
- u. to take necessary steps to ensure that LMW has the resources and capacity to deliver the Project within agreed timelines and Budget;
- v. that the Transfer to the Commonwealth of the Agreed Water Savings is exempt from the four per cent limit on water traded out of an irrigation area under Rule 25 of the Trading Rules for Declared Water Systems;
- w. to ensure the Transfer of Agreed Water Savings to the Commonwealth is in accordance with the Milestones;
- x. to transfer the Funding to LMW within 8 Business Days after receipt of such Funding by the State;
- y. that the Commonwealth may deem interest to accrue (at the Reserve Bank of Australia's cash rate) on a daily basis on any amount of Funding that has not been transferred by the State to LMW within 8 Business Days after receiving it from the Commonwealth. The Commonwealth agrees that it will determine the amount of interest it deems to have been accrued by the State during the course of the Project under this Item B.3.2.y, but will not deduct any amounts determined until financial year 2016; and
- z. to ensure that LMW spends Project Costs in accordance with Item D.1.

B.3.3. The Commonwealth will:

- a. make timely payments in accordance with agreed Milestones, at Item C.1.1, where, in the Commonwealth’s judgement, the State has met Milestone requirements;
- b. undertake any due diligence activities the Commonwealth considers necessary associated with the Transfer of water to the Commonwealth pursuant to this Project Schedule; and
- c. if it considers it necessary, undertake audits of LMW Works.

B.3.4. The Commonwealth agrees that the administration component of the Budget (if any) can be allocated during the life of the Project to meet any cash flow shortfalls in the overall Budget, but that final expenditure will be in accordance with Item D.

**C. Project Milestones**

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

**C.2. Contribution Components of Project**

C.2.1. The Parties agree to the following contribution components for the Project:

<b>Party</b>	<b>Contribution \$ (excl GST)</b>
Commonwealth Funding (up to a maximum of)	<b>102,475,030</b>
State Contribution	<b>17,350,000</b>
<b>Total Project Cost</b>	<b>119,825,030</b>

**D. Transfer of Water Shares**

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**D.1. Agreed Water Savings**

E.1.1.

<b>Agreed Water Savings</b>	<b>Water characteristic</b>	<b>Commonwealth Funding \$</b>
7 GL LTAAY	high reliability Water Share(Zone 7)	102,475,030

The Commonwealth will receive 100% of the Agreed Water Savings from the Project.

**D.2. Transfer of Water Shares**

D.2.1. The State agrees to ensure that LMW Transfers the Agreed Water Savings for the Project to the Commonwealth, in accordance with Item C.1.1.

D.2.2. The Parties agree that the Project will return the Agreed Water Savings to the Commonwealth. The Agreed Water Savings Transferred will be as high reliability Water Shares (HRWS). The Parties agree that the HRWS will be calculated using the following Long Term Diversion Limit Equivalent (LTDLE) factor. This factor was determined by the Murray-Darling Basin Authority on 29 November 2011 – version 2.05:

Catchment	LTDLE factor
Victoria Murray	0.950

D.2.3. If the LTDLE factor for Victoria Murray HRWS is modified by the Murray-Darling Basin Authority and it differs from the LTDLE factor specified in Item E.3.2, then the Parties will apply that new factor to this Project from that time forward.

### **D.3. Arrangements between the State and LMW**

D.3.1. As this Project requires:

- a. the State to provide the Funds to LMW; and
- b. LMW to use the Funds it receives from the State for the Works and Project management,

any amount that the Commonwealth may recover from the State under either Clause 6.3 or Clause 17 of the Agreement includes:

- c. any amount that the State has provided to LMW that:
  - i. has not been spent by LMW; or
  - ii. has been spent by LMW but not in accordance with this Project Schedule.

D.3.2. For the purpose of Agreement Clause 6.1.9, any interest that LMW earns on the Funds is to be treated as interest earned by the State and may only be spent on this Project and then only with the prior written approval of the Commonwealth.

D.3.3. The State will ensure that:

- a. the Funds are held in a separate interest-bearing bank account in LMW's name, and which LMW solely controls, with an authorised deposit-taking institution authorised under the *Banking Act 1959* (Cth) to carry on banking business in Australia (the Bank Account);
- b. LMW must ensure that the Bank Account referred to in E.3.3.a is:
  - i. established solely for the purposes of accounting for, and administrating, any Funding and interest earned on Funding provided by the State to LMW under this Project Schedule; and
  - ii. separate from LMW's other operational accounts;
- c. LMW must ensure that the Bank Account is established and maintained in a manner which will allow all payments of Funds (including debits and credits to the

account) as well as any interest earned to be clearly identified separately to LMW's other operational and administrative activities;

- d. LMW Transfers the Agreed Water Savings to the Commonwealth in accordance with section 33Z and 33S respectively of the *Water Act 1989* (Vic) and in accordance with this Project Schedule; and
- e. the progressive Transfer of the Agreed Water Shares will be in accordance with Item C.1.1;

**E. Reserved**

**F. Reserved**

**G. Indemnity**

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

- a. in rectifying any environmental damage; or
- b. in respect of any third party (including Commonwealth Personnel) claims against the Commonwealth, which includes without limitation the Commonwealth's legal costs and expenses on a solicitor/own client basis and the cost of time spent, resources used and disbursements paid by the Commonwealth,

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

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

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

**H. Project Reports**

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**H.1. Project Reports**

H.1.1. Each Project Report must be received by the Commonwealth 10 Business Days after the end of the reporting period specified in Item C.1.1. and must demonstrate evidence of project management and contract management activities, progress and performance of the Project, and financial management. Each Project Report must contain the following:

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



- b. summary information about the Works that are to be, and have been, undertaken for this Project and their progress of Works;
- c. a statement of the Water Shares that have been Transferred and that are expected to be Transferred from LMW to the Commonwealth in the next Reporting Period;
- d. an income and expenditure statement of the Funding for the Project to date against the Project Cost specified in Item D.1 of this Project Schedule. This statement must include and separately identify both the State's and LMW's receipt and expenditure of Funds and State Contributions for the Project;
- e. a statement of the interest earned by LMW to date on the Funds provided to it for the Project;
- f. any promotional activities undertaken by the State or LMW in relation to, and media coverage of, the Project during the period and any such proposed promotional activities during the next period; and
- g. any other items that are agreed by the State and the Commonwealth to be included in the Project Report, where it can reasonably be expected that such information has been collected, or may be collected in the future.

## **H.2. Final Project Report**

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

- a. three months after the physical completion of the Project; or
- b. two months after the termination of this Project Schedule.

H.2.2. The Final Project Report will contain information that:

- a. describes the conduct, benefits and outcomes of the Project as a whole;
- b. evaluates the Project, including assessing the extent to which the outcomes of the Project have been achieved and, if applicable, explaining why any aspect of the Project was not achieved;
- c. provides detailed financial information regarding the total Project Cost and key components, Funding and State Contribution for the Project;
- d. summarises all promotional activities undertaken in relation to, and media coverage of, the Project;
- e. includes a discussion of any other reasonable matters, relating to the Project, which the Commonwealth notifies the State should be included in the Final Project Report at least 30 Business Days before it is due; and
- f. any other items that are agreed by the State and the Commonwealth will be included in the Final Project Report, where it can reasonably be expected that such information has been collected, or may be collected during the Project duration.

H.2.3. The Final Project Report must be accompanied by a certified income and expenditure statements signed by the Chief Financial Officers (CFO) of both the Department of Environment, Land, Water and Planning (DELWP) and LMW respectively that clearly identifies:

- a. DELWP CFO confirmation that all Funding paid to the State was spent in accordance with this Project Schedule
- b. LMW CFO confirmation that all funding paid to LMW (and any interest earned on the Funds by LMW) was spent in accordance with this Project Schedule;
- c. any financial State Contribution;
- d. any cost savings or cost overruns for the Project; and
- e. advice on the amount of any Funds paid to the State or LMW that is to be returned by the State to the Commonwealth in accordance with this Project Schedule, including Item E.3.1.

### **H.3. Prompt Dealing with Reports**

I.3.1. The Commonwealth agrees to assess Reports within the following timeframes:

- a. within 10 Business Days of a Report (20 Business Days for the Final Report) being first received (note that, if additional information, clarification or amended reports are required a proportionate additional amount of time will be added to the assessment period); and
- b. within 5 Business Days of an amended Report (10 Business Days for the amended Final Report) being submitted if clarifications are required to meet the Commonwealth's reasonable expectation.

I.3.2. The State agrees to submit an amended Report if clarifications are required to meet the Commonwealth's reasonable expectation.

- a. within 10 Business Days (20 Business Days for the Final Report) of a clarification being first requested by the Commonwealth; and
- b. within 5 Business Days (10 Business Days for the Final Report) of a subsequent clarification being requested by the Commonwealth.

### **H.4. Annual Financial Audit Report**

H.4.1. Within 90 Business Days after:

- a. the completion of each financial year in which a payment of Funds is made or used by the State or LMW, or the State contributes State Contribution to the Project, except the financial year in which subparagraph b., below, applies; and
- b. the completion of the Project or the termination or expiry of this Project Schedule, whichever is the earlier,

the State agrees to provide to the Commonwealth:

- c. audited financial income and expenditure statements in respect of the Funding and State Contribution received, which:

- i. separately identifies the Funding (including any interest LMW has earned on the Funds) and State Contributions received by the State for the Project;
  - ii. includes a statement as to whether the financial information in those statements represents the financial transactions fairly and is based on proper accounts and records; and
  - iii. a definitive statement as to whether the Funding (and State Contribution and Project Generated Income) was spent for the Project and in accordance with this Project Schedule;
- d. the confirmation specified in Item I.4.2; and
- e. a copy of a letter to the State from the Auditor, or a report from the Auditor, including specific comment on:
  - i. the adequacy of financial controls being maintained by the State and LMW; and
  - ii. where there are any qualifications or limitations on the audit, an outline of the reason(s) for the qualifications or limitations and the remedial action recommended.
- f. where the State provides Funding to LMW, the audited Financial Reports specified in Item I.3.1 are required to clearly show how the State and LMW spent the Funds (including any interest LMW has earned on the Funds) and the State Contribution.

#### H.4.2. Confirmation

The CFO of both the DELWP and LMW are required to provide letters in support of the Annual Audit Financial Report confirming that:

- a. all Funding and State Contribution that have been received and expended were spent in accordance with this Project Schedule; and
- b. the State has complied with this Project Schedule; and
- c. any unspent portion of Funding for the Project is available for the State to use to complete the next Project Milestone(s) for the Project.

#### H.4.3. Audit and financial statement requirements

##### I.4.3.1 The financial statements referred to in item I.4.1 are required to be:

- a. prepared in accordance with Australian Accounting Standards; and
- b. audited by an Auditor in accordance with Australian Auditing Standards.

##### I.4.4 The State must keep financial accounts and records relating to the Project so as to enable:

- a. all receipts and payments related to the Project to be identified (and all receipts and expenditure of the Funds to be separately identified) in the State's accounts and reported in accordance with this Project Schedule;

- b. unless notified by the Commonwealth, the preparation of financial statements in accordance with Australian Accounting Standards including:
  - i. an income and expenditure statement for the Financial Year(s) to date compared with the Budget; and
  - ii. a schedule of the assets acquired, sold, written-off or otherwise disposed of during the Financial Year(s) to date compared with the Budget; and
  - iii. the audit of those Records in accordance with Australian Auditing Standards.

The State must also ensure that LMW keeps financial accounts and records in a manner that enables LMW to satisfy the above requirements in relation to the Project that is to be undertaken by LMW.

## **J. Payment Schedule for Funding for the Project**

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- J.1.1. Consistent with Item B.1.6, the maximum amount of Funds payable by the Commonwealth to the State in respect of this project is \$102,475,030 (GST exclusive) which shall be paid in instalments, as specified in the Milestones set out Item C.1.2, and on the completion of the Payment Preconditions. Each payment of Funds is due within 30 Business Days after the date that the State is assessed as having completed all of the Payment Preconditions relating to that payment and has provided the Commonwealth with a Milestone Report to the satisfaction of the Commonwealth.
- J.1.2. The Payment Preconditions for each payment of Funds under this Project Schedule are:
  - a. conformance with all the requirements for the Project specified in this Project Schedule, including the completion of the Milestone(s) specified in this Project Schedule for that payment of Funds.
  - b. the receipt and acceptance by the Commonwealth of the relevant Project Report as per the Project Schedule and all previous Reports required under this Project Schedule.
  - c. for the avoidance of doubt, where there is delayed achievement of Milestones, subject to the continuing availability of appropriation Funding for this purpose in the relevant financial period, the Commonwealth may make payments of Funds in relation to delayed achievements of relevant Milestones.

## **K. Definitions**

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- K.1.1. For the purpose of this Project Schedule only, the terms specified in this Item K.1.1 have the following meaning:

“Agreed Water Savings” means the amount and the characteristics (including the reliability) of the water that the parties agree is expected to be saved as a result of the completion of the Project as specified in Item E.1;

“Agreement”, “Water Management Partnership Agreement” or “WMPA” means the bi-lateral agreement made between the Commonwealth of Australia and the State of Victoria dated 11 January 2010 which provides for the Basin States to undertake one or more Priority Projects that will substantially contribute to improved water use efficiency and enhance the sustainability of rural water use in the Murray-Darling

Basin. More information is available at:  
[www.environment.gov.au/water/publications/action/agreements/vic-bilateral-agreement.html](http://www.environment.gov.au/water/publications/action/agreements/vic-bilateral-agreement.html) ;

“Auditor” means a person who is:

- i. employed as an auditor by the Victorian Auditor-General as established under the *Audit Act 1994* (Vic); or
- ii. registered as a company auditor under the *Corporations Act 2001* (Cth) or an appropriately qualified member of the Institute of Chartered Accountants in Australia or of CPA Australia; and

whose firm or organisation did not prepare the financial statements that are the subject of the audit;

“Australian Accounting Standards” means the accounting standards made by the Australian Accounting Standards Board under section 334 of the *Corporations Act 2001* (Cth);

“Australian Auditing Standards” means the auditing standards made by the Auditing and Assurance Standards Board under section 336 of the *Corporations Act 2001* (Cth);

“Budget” refers to a budget for expenditure of the Funding and State Contribution for the purposes of conducting the Project and performing obligations under this Project Schedule;

“Business Case” means the documents submitted by the State to the Commonwealth on 28 June 2013, to enable the Commonwealth to conduct a Due Diligence assessment of this Project in accordance with Clause 5.1.2.a;

“Business Day” means in relation to the doing of any action in a place, any day other than a Saturday, Sunday or public holiday in that place;

“Clause” means a clause in the Agreement;

“Commonwealth” means the Commonwealth of Australia, as represented by the Department of the Environment (or any other Department with responsibility for administering this Project Schedule from time to time);

“Contract” means the contract between the State and LMW under which the State provides Funding to LMW to complete the aims and activities of the Project, including the Works;

“DELWP” means Department of Environment, Land, Water and Planning;

“Due Diligence” means the assessment process that is undertaken by the Commonwealth to determine whether to Fund a Proposed Project under this Project Schedule;

“Final Project Report” means the Project Report required to be provided under Item I.2 of this Project Schedule;

“Funds or Funding” means the amount payable by the Commonwealth to the State to complete the Project and includes any interest LMW or the State earns on that amount but excludes any Reimbursement Payment;

“GL” means gigalitre which is 1,000,000,000 litres;

“GST” has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

“Item” refers to an item in this Project Schedule;

“HRWS” means high reliability Water Share, having the highest reliability of take legally recognised in the State;

“Long Term Average Annual Yield” or “LTAAAY” means the long-term annual average quantity of water that can be taken in respect of a Water Share (calculated on a basis consistent with the *Basin Plan 2012* (Cth));

“LTDLE factor” means Long Term Diversion Limit Equivalent factor;

“LMW” means the Lower Murray Water Urban and Rural Water Authority, which is the delivery partner engaged by the State to deliver this Project;

“Milestones” means a stage of completion of the Project or a Sub-project (as the case may be) as set out in the Milestone table;

“ML” means megalitre which is 1,000,000 litres;

“Murray-Darling Basin Authority” or “MDBA” was established under the *Water Act 2007* (Cth) as an independent, expertise based statutory agency. The MDBA undertakes activities that support the sustainable and integrated management of the water resources of the Murray-Darling Basin in a way that best meets the social, economic and environmental needs of the Basin and its communities;

“National Code of Practice for the Construction Industry” means the National Code of Practice for the Construction Industry available at <http://employment.gov.au/building-code-2013>;

“National Framework for Non-Urban Water Metering” refers to [www.environment.gov.au/water/policy-programs/srwui/metering/framework.html](http://www.environment.gov.au/water/policy-programs/srwui/metering/framework.html);

“Parties” means the parties to this Project Schedule (the Commonwealth and the State);

“Payment Preconditions” means, in respect of a payment of Funds for the Project, the requirements (including the Milestone(s) that are specified in this Project Schedule as being a pre-condition for that payment of Funds;

“Personnel” means a Party’s officers, employees, agents, contractor staff or professional advisers engaged in the performance or management of this Project Schedule;

“Project” refers to the Sunraysia Modernisation Project as described in this Project Schedule and it means the irrigation efficiency project that the State is required to undertake which includes the management and delivery of Sub-projects as and the Transfer to the Commonwealth of the Agreed Water Savings;

“Project Cost” means the total expenditure of the Funding and the State Contribution for that Priority Project as set out in this Project Schedule;

“Project Milestone” means, a stage in the completion of the Project as specified in Item C of this Project Schedule;

“Project Report” means a Report regarding the State's implementation of this Project that is required to be provided at the time, and to contain the information specified in this Project Schedule;

“Project Schedule” means this document;

“Proponent” means the Lower Murray Urban and Rural Water Corporation (ABN 18 475 808 826);

“Report” means each document and item of information that the State is required to provide to the Commonwealth for reporting purposes under Item H;

“Schedule” refers to a schedule to this Project Schedule and includes the Project Schedules and any annexures or attachments to a schedule;

“State” means the State of Victoria as represented by DELWP (or any other Department with responsibility for administering this Project Schedule from time to time);

“State Contribution” means the financial resources for the Project (other than the Funding), which the State is obliged to require LMW to provide to the Project under this Project Schedule;

“Sub-contractors” means the individuals or organisations engaged under contract by LMW to assist in the delivery of the Project, for example, field officers;

“Sub-project” means components of the Project, as set out in the Milestone table at Item C.1.2;

“Transferred”, “Transfer” means, in respect of a Water Share, to transfer all right, title and interest in that Water Share;

“Victorian State Implementation Plan” refers to the state plan that is under the National standards for non-urban water metering;

“Water Act” means the *Water Act 1989* (Vic);

“Water Savings” means the water savings that are generated as a result of Works;

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

“Works” means activities such as approvals, commissioning and construction directly related to upgrading of pumping stations, replacing critical open channels with low pressure pipeline and upgrading and installing water meters under the Project;

“Works Inspection” means a critical appraisal to determine if the Works are in proper quantity and condition, and if it conforms to the applicable or specified requirements outlined in this Project Schedule;

By signing this document, the parties to the Project Schedule agree that this document will be a Project Schedule on and from the date the Commonwealth signs this document.

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

\_\_\_\_\_  
Name of signatory

\_\_\_\_\_  
*Signature*

In the presence of:

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
*Signature of witness*

Date: December 2013

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

\_\_\_\_\_  
Name of signatory

\_\_\_\_\_  
*Signature*

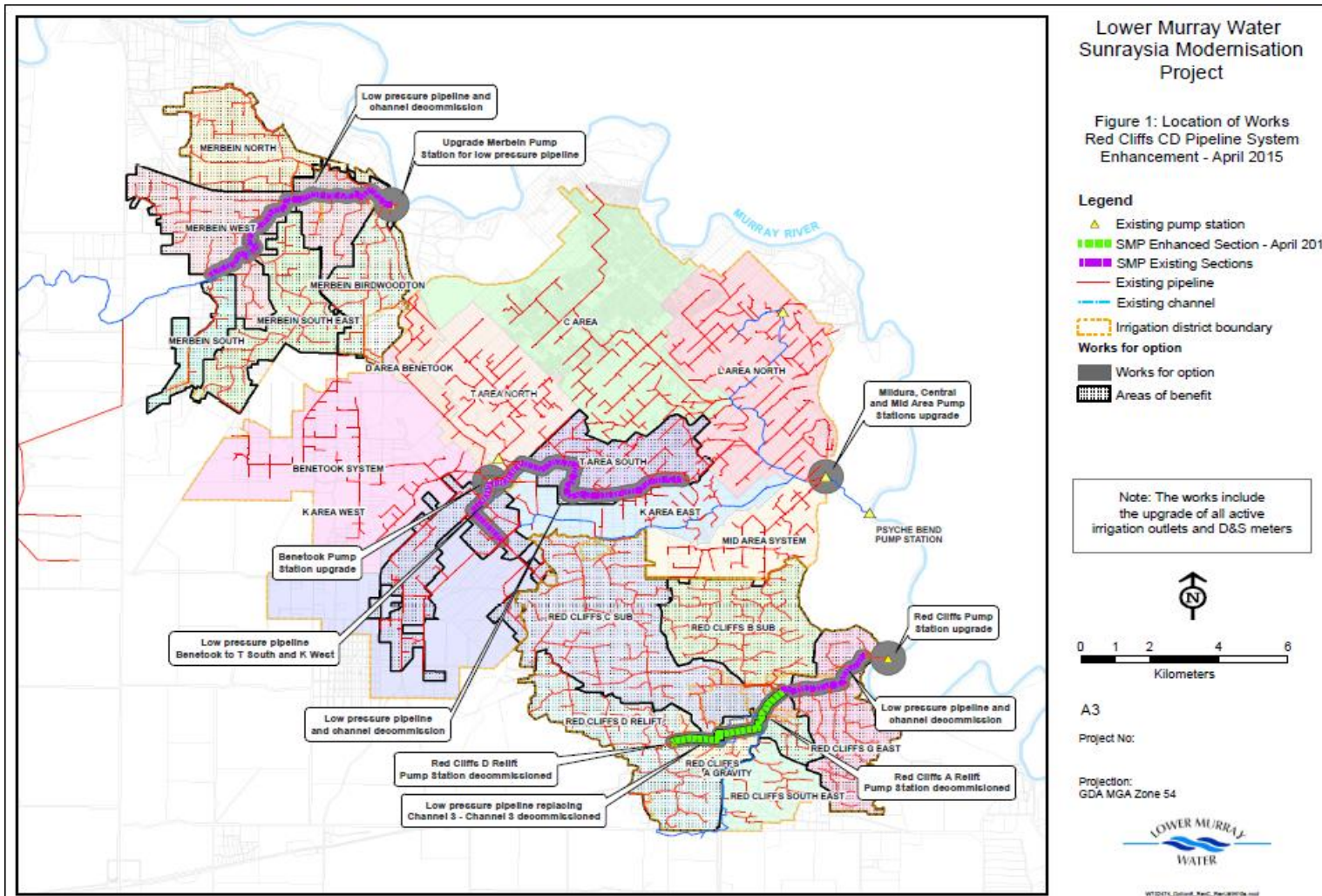
In the presence of:

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
*Signature of witness*



**ATTACHMENT 1: Map of location of Works**



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## ATTACHMENT 2: Requirements relating to the Building Code 2013

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### A. Interpretation

A.1. In this Attachment 2:

- Code** means the, Building Code 2013, a copy of which can be downloaded from <http://employment.gov.au/building-code-2013>
- Guidelines** means the Supporting Guidelines for Commonwealth Funding Entities to the Building Code 2013, a copy of which can be downloaded from <http://employment.gov.au/building-code-2013>
- Project Parties** means all Proponents, contractors, subcontractors, consultants and employees who perform on-site work in relation to this Project, including the Works.

### B. Compliance with Code

B.1. The State is required to comply and ensure that the Project Parties comply with the Code and Guidelines.

B.2. The Guidelines require the State to ensure that:

- a. all requests for application or tender, expressions of interest, submissions and invitations to join 'Common Use Arrangements' in relation to the Project made by it or any of the Project Parties contain the commitment to apply the Code and Guidelines; and
- b. all agreements and contracts entered into in relation to the Project by it or any of the Project Parties contain the commitment to apply the Code and Guidelines as set out in the model contract clauses which are set out in Section 10, Model Tender and Contract Documentation of the Guidelines.

### C. Recipient must maintain Records and permit access

C.1. The State is required to maintain adequate records of compliance by it and each of the Project Parties with the Code and the Guidelines. The State is required to permit the Commonwealth or any person authorised by the Commonwealth, including a person occupying a position in the Fair Work Building Inspectorate, 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 Project and Works governed by this Agreement;
- c. interview any person,

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

Additionally, the State undertakes that it and each of the Project Parties will agree to a request from the Commonwealth, including a person occupying a position in the Fair

Work Building Inspectorate, to produce a specified document within a specified period, in person, by fax, or by post.

- C.2. The Commonwealth and those authorised by it may publish or otherwise disclose information in relation to compliance by the State and the Project Parties with the Code and the Guidelines. The State is required to obtain the consent of the Project Parties to the publication or disclosure of information under this clause.

**D. Appointment of sub-contractors**

- D.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.

- D.2. The State agrees not to appoint a Proponent, contractor, subcontractor or consultant in relation to the Project where:

- a. the appointment would breach a sanction imposed by the Commonwealth Minister for Employment; or
- b. the Proponent, contractor, subcontractor or consultant has had a judicial decision against them relation to employee entitlements, not including decision under appeal, and has not paid the claim.

## ATTACHMENT 3: Requirements relating to the Australian Government Building and Construction OHS Accreditation Scheme

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### 1. Definitions

In this Attachment 2:

- (a) **the Act** means the *Fair Work (Building Industry) Act 2012* (Cth);
- (b) **Builder** has the same meaning as it has in section 35 of the Act;
- (c) **Building Work** has the same meaning as it has in section 5 of the Act;
- (d) **Regulations** means the *Fair Work (Building Industry - Accreditation Scheme) Regulations 2005*; and
- (e) **Scheme** means the Australian Government Building and Construction OHS Accreditation Scheme established under the Act.

### 2. Application

- (a) Subject to exclusions specified in the Regulations, construction projects that use funds provided under this Agreement are bound by the application of the Scheme.
- (b) The State must ensure that all head contracts it enters into for Building Work as part of the Project that are valued at \$3 million or more:
  - (i) are notified to the Office of the Federal Safety Commissioner at the earliest possible opportunity (that is, when approaching the market); and
  - (ii) contain a requirement that the Builder:
    - (A) is accredited under the Scheme;
    - (B) maintains Scheme accreditation for the life of that contract; and
    - (C) must comply with all conditions of the Scheme accreditation.
- (c) The State agrees to notify the Department immediately if that Builder has ceased, or is likely to cease, to meet the accreditation requirements in item 1(b)(ii) of this Schedule.
- (d) The State must maintain adequate records of its compliance with the Scheme.