



Australian Government

Department of the Environment,
Water, Heritage and the Arts

WATER for the FUTURE

Sustainable Rural Water Use
and Infrastructure Program

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

November 2009

Sustainable Rural Water Use and Infrastructure Program

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

It is essential that these Guidelines are read in conjunction with the Application Form and the template for the *Funding Agreement* for the *Private Irrigation Infrastructure Program For South Australia*.

Applicants should ensure they are using the latest version of the Guidelines, Application Form and *Funding Agreement* template, as these may be amended during the course of the Program.

The Minister for Climate Change and Water reserves the right to amend these Guidelines at any time.

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GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

PURPOSE OF THE GUIDELINES

These Guidelines are designed to assist South Australian irrigation businesses drawing on the water resources of the Murray-Darling Basin to apply for the *Private Irrigation Infrastructure Program for South Australia* (the Program).

We strongly recommend that all potential applicants contact the Department of the Environment, Water, Heritage and the Arts (the Department) to clarify any aspects of the Guidelines about which they are uncertain. However, the Department is unable to provide funding for application preparation or help applicants write their applications.

These Guidelines are not intended to present all the terms and conditions that will govern the provision of funding. Successful applicants will be required to enter into a legally binding agreement with the Australian Government (*Funding Agreement*) (see pages 9 and 10 of these Guidelines for further information). A pro-forma of the *Funding Agreement* can be found at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html.

Guidelines do not create legally binding rights or obligations

Nothing in these Guidelines or Application Form is intended to create legally binding rights or obligations. The Minister for Climate Change and Water (the Minister) may vary the processes and/or timing set out in these Guidelines and is not obliged to accept any application. During its consideration of project applications, the Department may seek external expert advice on any aspect of an application. Applicants may be required to provide additional information in support of their application.

To be eligible for consideration for funding, applications must be consistent with these Guidelines. However, an applicant that meets all of the eligibility and merit criteria is not guaranteed of funding.

The Minister reserves the right to approve funding for all or part of a project as presented in the Application Form.

INTRODUCTION

The Australian Government's \$12.9 billion *Water for the Future* initiative is built on four priorities:

- taking action on climate change;
- using water wisely;
- securing water supplies; and
- supporting healthy rivers.

One of the key programs under *Water for the Future* is the *Sustainable Rural Water Use and Infrastructure Program* (SRWUIP). It will direct \$5.8 billion towards rural irrigation water projects to improve the efficiency and productivity of water use and management. The SRWUIP invests in key rural projects that contribute towards sustainable irrigation communities and that save water by upgrading irrigation systems. The *Private Irrigation Infrastructure Program for South Australia* (PIIP-SA) is a component of the South Australian Priority Projects agreed in principle for Commonwealth funding under the Intergovernmental Agreement on the Murray-Darling Basin signed on 3 July 2008. PIIP-SA will be funded under the SRWUIP.

AUSTRALIAN GOVERNMENT'S ENVIRONMENTAL PRIORITIES

The Australian Government's environmental priorities for water-related programs in the Murray-Darling Basin include, but are not limited to:

- protection and restoration of wetlands and other environmental assets of the Murray Darling Basin;
- protection of biodiversity dependent on the Murray-Darling Basin water resources;
- promotion of the conservation of declared Ramsar wetlands in the Murray-Darling Basin; and
- protection and promotion of river health in the Murray-Darling Basin.

Applicants should access the Departmental website (www.environment.gov.au) for more specific information on the Australian Government's environmental priorities.

PROGRAM OBJECTIVES

The PIIP-SA will enable the Australian Government to acquire water entitlements resulting from water savings generated by infrastructure projects that improve the efficiency and productivity of irrigation water use and management. The program will assist in securing a sustainable future for irrigation communities and assist dependent irrigation communities to adapt to a future scenario of reduced water availability due to climate change.

Regulated water entitlements as held by South Australian irrigators are of high value for environmental watering because they can be actively managed by the *Commonwealth Environmental Water Holder* (CEWH) to deliver benefits to the environment. In particular, they provide significant flexibility on a year to year basis because they can be delivered or traded to a variety of locations where water is needed. Water entitlements acquired under this Program will be used to protect and restore environmental assets in the Murray-Darling Basin and will be managed by the CEWH.

The focus of the Program is on off-farm infrastructure. However, projects that can demonstrate benefits from integrated investment in both on and off-farm infrastructure will be considered. Projects involving on-farm irrigation efficiency improvements would also need to include upgrading of off-farm water delivery infrastructure to be eligible. Irrigation efficiency projects will enable Private Irrigation Infrastructure Operators and private Individual Irrigators (either individually or via delivery partners) to minimise water losses and manage their water allocations more efficiently.

The Program differs from the Australian Government's new *On-Farm Irrigation Efficiency Program* which provides only for on-farm irrigation efficiency improvements. Irrigators in South Australia who are seeking support solely for on-farm irrigation efficiency improvement can apply under the *On-Farm Irrigation Efficiency Program*. For more details on this program see <http://www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html>.

HOW MUCH FUNDING IS AVAILABLE?

The Australian Government has allocated up to \$110 million for the PIIP-SA. Initial funding under the Program will be awarded through a first round. Further rounds may be conducted in 2010–11 and 2011–12, at the discretion of the Minister.

Applicants are encouraged to make cash contributions to the project. Such contributions may improve the value for money consideration of proposals.

CONDITIONS ATTACHED TO FUNDING UNDER THE PROGRAM

Successful applicants will need to ensure that for each irrigation efficiency project:

- at least 50% of water to be saved as a result of the implementation of infrastructure improvements will be transferred to the Australian Government in the form of unencumbered permanent entitlements;
- the applicant will transfer a minimum of 10 megalitres (10ML) to the Australian Government for each project, and in the case of Delivery Partners, for each sub-project; to be transferred within the period specified in the *Funding Agreement*;
- a credible water efficiency plan has been prepared for each irrigation project, and where appropriate, for each sub-project proposed for funding;
- each infrastructure system or property where irrigation efficiency improvement works are conducted, either has a meter, or will have a meter, before the irrigation project or sub-project is completed that will meet national standards for in field accuracy of +/- 5 % and that metering data will be made freely available to the Bureau of Meteorology. Further information on national metering standards can be found on the Department's website at <http://www.environment.gov.au/water/topics/metering.html> which outlines the National Framework for Non-urban Water Metering.
- projects will be completed within a maximum (subject to negotiation) of 24 months of a *Funding Agreement* being signed with the Australian Government.

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WHO IS ELIGIBLE TO APPLY FOR FUNDING UNDER THE PROGRAM?

The Program seeks to maximise the opportunity for South Australian irrigators to participate, and recognises that around half of River Murray system irrigation water is extracted by direct diverters. Accordingly, applications will be accepted from three categories of eligible applicants:

1. *Irrigation Infrastructure Operators*;
2. A *Delivery Partner* on behalf of an Individual Irrigator or groups of Individual Irrigators; and
3. *Individual Irrigators*.

To be eligible to apply for funding under the Program, an applicant's project must draw on the water resources of the Murray-Darling Basin of South Australia and the applicant must be a legal entity under one of the following categories (Refer Glossary of terms page 12):

1. An **Irrigation Infrastructure Operator** (includes Irrigation Trusts) that:
 - owns or operates infrastructure and holds water entitlements within the Murray-Darling Basin in South Australia, for the purpose of delivering water to other entities/persons, for the primary purpose of use in irrigation.
2. A **Delivery Partner** that can:
 - demonstrate that it has the authority under organisational governance arrangements to be the lead proponent for the proposed project with direct links to individual private irrigators who are party to the proposed project; and
 - enter into contractual arrangements with the Australian Government and with one or more Individual Irrigators, to implement the proposed project and ensure permanent transfer of entitlements to the Australian Government;

A Delivery Partner may include a:

- natural resources management board;
- industry representative or commodity group;
- regional irrigation body; or
- consortium of irrigators.

A Delivery Partner may apply on behalf of a group of Individual Irrigators. The Delivery Partner will be responsible for ensuring the project is implemented as agreed if successful in receiving funding. The Australian Government will engage with an identified Delivery Partner for the purposes of contact and conclusion of a *Funding Agreement*. An outline of a Delivery Partner's broad roles and responsibilities is provided in [Annex A](#).

An Irrigation Infrastructure Operator which does not hold water entitlements relating to the application, and is submitting an application on behalf of one or more Individual Irrigators, is in effect a Delivery Partner for the purpose of these guidelines.

3. An **Individual Irrigator** that:
 - owns or operates water delivery and irrigation infrastructure and holds water entitlements of 0.5 gigalitres (GL) or more to draw water from the Murray-Darling Basin in South Australia for their own use for the primary purpose of engaging in primary production.

The above entities will:

- agree to ensure that permanent water entitlements offered to the Australian Government are unencumbered and available to be transferred within the specified timeframe after a *Funding Agreement* is signed;
- be a legal entity capable of entering a *Funding Agreement* with the Commonwealth of Australia (note: unincorporated associations are not eligible); and
- be registered with the Australian Taxation Office for Goods and Services Tax purposes with a valid Australian Business Number (ABN).

WHO IS NOT ELIGIBLE TO APPLY UNDER THE PROGRAM?

The following are not eligible to apply for the Program:

- Irrigation Infrastructure Operators or Individual Irrigators who draw water from outside the South Australian area of the Murray-Darling Basin;
- informal or unincorporated groups of irrigators; and
- with the exception of natural resources management boards, state government or local government bodies. However, state agencies/local government may provide technical or other support to applicants.

WHAT ACTIVITIES ARE ELIGIBLE?

Eligible activities for irrigator projects or sub-projects generating water savings for the Australian Government will be infrastructure based and may include the following:

- installing new or upgrading existing irrigation infrastructure or technology, including pumping systems, pipelines, automated water management systems and sensing equipment intended to improve decision making about irrigation and which will improve irrigation efficiency;
- decommissioning, restructuring or reconfiguration of existing off-farm water delivery systems;
- changes to river operations or storages where there are both environmental benefits and water savings to be achieved; and
- improving irrigated area layout or design for the purpose of improving on farm irrigation efficiency (eg. laser grading or decommissioning old irrigation infrastructure as part of enhancing the overall efficiency of the system).

Program Funding will be directed to irrigation applied to primary production. This includes irrigated crops, pasture for stock (e.g. dairy) and commercial horticulture.

WHAT ACTIVITIES ARE NOT ELIGIBLE?

Ineligible irrigator projects or sub-projects are those that acquire water savings generated by the following:

- projects that provide only for on-farm efficiency improvements and that do not also include efficiency improvements to systems delivering water to the farm;
- research and development projects;
- upgrading existing or installing new irrigation systems for urban or industrial land uses;
- projects generating improved irrigation efficiency and savings from application of different management approaches such as crop rotation or use of new plant types requiring less water;
- converting irrigated land to dryland agriculture in an on-farm component of the project, other than the costs of decommissioning existing irrigation infrastructure;
- on-going labour costs and maintenance costs associated with operating new or existing infrastructure or closing down infrastructure, or depreciation costs;
- projects that have been completed or have already commenced (i.e. Program funding will not be provided to cover expenditure already incurred or committed by an applicant or other project participant);
- capacity building activities;

- planning activities and costs associated with development by irrigators of on farm water efficiency plans; and
- projects seeking to establish irrigation on farms not previously irrigated or new irrigation districts (beyond existing boundaries). However, modifications to the configuration of extant irrigation areas and farms may be considered on a case by case basis.

APPLICATION PROCESS OVERVIEW

All applications will be assessed against the merit criteria.

A *Funding Agreement* will not be entered into until all irrigation projects or sub-projects relevant to that funding agreement are clearly identified, and the overall project cost and details of the water entitlements to be transferred to the Australian Government, have been agreed with the Department.

MERIT CRITERIA FOR APPLICATIONS

Funding applications will be assessed and evaluated on the basis of the information provided by the applicant in the Application Form and will be evaluated against the following criteria: economic, social, technical, environmental, value for money and governance.

Economic and Social criteria

Projects must contribute towards longer-term regional investment and development. This would include, for example, contributions to regional income, production and employment. Regional benefits may also include the potential to attract other investment to the region.

Applicants (and all parties to the application) must be financially viable as demonstrated through the provision of audited financial statements and related documents.

The proposal should demonstrate how the project will help the applicant become more resilient to climatic changes over the longer term by value-adding and/or reducing costs.

Environmental and Technical criteria

Projects must deliver substantial and lasting returns of water to the environment to secure real improvements in river health. The applicant must be able to demonstrate that the project and any associated sub-projects are technically feasible. This should include a credible evaluation of potential water savings and a competent plan for achieving those savings.

Applicants (or parties to an application) should have undertaken, or be in the process of undertaking, a modernisation plan or water efficiency evaluation, or equivalent, to the satisfaction of the Department.

Project proposals that are linked to, cognisant of, or integrated with, broader district or regional water management irrigation efficiency plans will be more highly regarded.

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Applicants should demonstrate how the project would address the longer term impacts of climate change. Applicants may wish to refer to the CSIRO Sustainable Yields research found at www.csiro.au/science/water.html. Projects must be able to deliver water in the form of secure, transferable and unencumbered surface water entitlements to the Australian Government.

The expected net water savings to be achieved across the overall project (and sub-project) and the process used to estimate the net water savings will need to be identified. Before approval can be given, the applicant will need to commit to the overall volume and characteristics (water quality and security) of the water entitlement that will be transferred to the Australian Government in return for funding.

The agreed water entitlements to be transferred to the Australian Government in return for funding must be capable of being used for purposes that support the Australian Government's environmental priorities (refer page 4). This will be indicated by the quality and quantity of water savings to be transferred along with the reliability and availability of water to be used for environmental purposes.

Applicants must also demonstrate strategies to minimise adverse environmental impacts from project activities. This means that project implementation should make little or no contribution to loss of environmental values in the region and preferably would make a positive contribution.

Value for money criteria

Projects must deliver value for money in the context of the above economic, social and environmental criteria, as demonstrated through an analysis of the:

1. Project budget and the contribution the project will make to the regional economy, as indicated for example, by increased employment, capital investment and value added to production/business turnover.
2. Improvements in the net financial performance of the business(s) involved in the project through, for example, reduced net operating costs and/or increased production value
3. The volume and overall project cost to the Commonwealth per megalitre of the estimated water savings to be transferred to the CEWH, compared with the relevant regional market price for permanent water purchases. This analysis will take into account:

- the total volume, quality and security type of water savings to be transferred to the Australian Government;
- the total volume of water savings to be offered to the Australian Government relative to the total investment; and
- the proposed Australian Government investment in the project per megalitre of water to be transferred to the CEWH, relative to the regional market price for water.

4. Level of confidence in the budget figures and estimated water savings. Risks should be identified and addressed. There should also be no residual financial or other responsibility on the Australian Government.
5. In-kind or cash co contributions, which will be taken into account in terms of their overall impact on the proposal and any associated economic or social flow-on.

Governance criteria

The applicant must be capable of:

- successfully managing irrigation infrastructure projects commensurate with the size and nature of the proposed project;
- where relevant, engaging with farmers/irrigators to get agreed outcomes; and
- demonstrating a sound understanding of good project management.

Details of governance arrangements for the project will need to be provided to demonstrate that the applicant can deliver on time, within budget and against all key objectives. The application will need to include:

- methodologies and milestones linked to a feasible project timeframe and plan;
- details of appropriate skills and expertise in irrigation technologies, project management, monitoring and evaluation, and other areas as necessary for project implementation; or the capacity to access such appropriate skills and expertise as necessary for project implementation;
- the process to identify and manage risks associated with all stages of the proposed project through to the project completion;
- details of any linkages, current and proposed, with other funding programs under the *Water for the Future* plan (e.g. *'Restoring the Balance in the Murray Darling Basin; On-Farm Irrigation Efficiency Program'*), or any other Australian Government programs and state government initiatives;
- an overall project budget linked to project milestones, payment timelines, amounts and identifying project administration costs;

- evidence of financial co-contributions (if any), including letters of commitment detailing cash amounts and in kind contributions from project partners and any other sources; and
- evidence that the overall project is financially viable.

The Program will contribute towards reasonable project administration and management costs for approved projects, where these have been separately identified.

Applicants will be required to provide financial records for the previous three full financial years, including for each of the properties involved where Individual Irrigators are party to the proposal. Financial records include audited financial statements and annual reports (where applicable).

SUBMITTING AN APPLICATION

Closing dates

- The closing deadline for funding applications is **4.30pm Eastern Standard Time** (4pm Central Standard Time) on **Thursday 8 April 2010**.

Applications must be received by the closing deadline. Applicants should ensure that they allow enough time for delivery. Late or incomplete Application Forms and supporting documents will not be accepted. Applications will be considered upon receipt by the Department.

Where to obtain Application Forms

Applications must be made using the official Application Form.

The Application Form may be downloaded from the Department's website at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html.

Format of Application Forms to submit

Applicants are required to submit by the closing deadline:

- TWO UNBOUND ORIGINAL SIGNED hard copies of the application together with supporting documentation. Applications must be certified as correct by, or appropriately authorised by the applicant's organisation; and
- One ELECTRONIC COPY of the application in Microsoft Word Format and, where possible, supporting documentation in Microsoft Word or Excel Format or Adobe PDF Format on disc/CD ROM should also be submitted.

Applications will be accepted by email.

Where to submit Application Forms

Hardcopy applications, supporting documentation and discs/ CDs must be posted or sent via courier to:

Private Irrigation Infrastructure Program for South Australia
Irrigation Efficiency Southern Branch
Department of the Environment, Water, Heritage and the Arts
John Gorton Building
King Edward Terrace
GPO Box 787
PARKES ACT 2601

Emailed applications should be forwarded to:

PIIP-SA@environment.gov.au.

Receipt of Applications

The Department will acknowledge applications upon receipt.

THE ASSESSMENT PROCESS

Applications will be assessed against the merit criteria (refer pages 7 to 9). The Department will establish an assessment panel which will make recommendations to the Minister for Climate Change and Water. Further information may be required from applicants, and technical advice sourced from third parties, on the application.

APPROVAL OF FUNDING

The Minister for Climate Change and Water reserves the right to approve funding for a project as presented in the Application Form or parts thereof. The Department will negotiate with applicants on the specific details of a project under the *Funding Agreement*.

All applicants will be contacted and advised of the outcome of their application. Successful applicants will also be sent a formal letter of offer.

Flow charts illustrating the steps in the application and approval process are provided in [Annex B and on contract and payment links for Delivery Partner applications in Annex C](#).

Funding Agreement

The contractual arrangements for each approved project will entail:

- In the case of projects to be managed by an Irrigation Infrastructure Operator or an Individual Irrigator,
 - a *Funding Agreement* between the Australian Government and the applicant with specific milestones and milestone payments for the agreed project activities;
 - the *Funding Agreement* will include a requirement that the applicant transfer the agreed volume of water savings to the Australian Government.

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- In the case of an application lodged by a Delivery Partner
 - a *Funding Agreement* between the Australian Government and the applicant with specific milestones and milestone payments for the agreed project activities;
 - an individual contract between the Delivery Partner and each of the irrigators party to the Delivery Partner project that sets out the relevant requirements to complete the project, as agreed in the *Funding Agreement* with the Australian Government; and
 - An individual contract between the Australian Government and each of the irrigators party to a Delivery Partner project, for the agreed volume of water savings to be transferred to the Australian Government.

Once an application has been approved and any subsequent matters settled, the Department will enter into a legally binding *Funding Agreement* with each successful applicant. The *Funding Agreement* will describe the respective roles and responsibilities of each party.

The *Funding Agreement* will be substantially in the form available at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html and will contain the standard terms and conditions, together with schedules that will set out details of project specific matters, payment timetables, requirement for due recognition of all Australian Government funding contributions, reporting requirements and any other relevant matters as necessary.

Funds cannot be paid from the Program to a successful applicant until a *Funding Agreement* has been signed with the Australian Government. The *Funding Agreement* must be completed and signed by the applicant and returned to the Department **within 30 days from the date of the formal letter of offer**, otherwise the offer of funding may be withdrawn.

Payment schedule and water transfer

Payments will generally be made by progress instalments. Provision can be made for payments to be made in advance where this is set out in the payments schedule and shown to be necessary.

The Department will consider the proposed schedule of payments and reach agreement with the applicant on milestones and payments as part of the *Funding Agreement*. No payment will be made until the agreed water entitlements have been transferred, in full, to the Commonwealth Environmental Water Holder.

FURTHER INFORMATION

Other funding programs

Applicants may apply for funding under other programs provided it is not for the same activity.

Proposed Projects will not be eligible for duplicate funding. Where applicants are receiving funds from, or have also applied to, other funding programs (such as through State Priority Projects, the *On-Farm Irrigation Efficiency Program*, *Water for Rivers*, *Caring for our Country*, *The Living Murray Initiative*, *Sustainable Regions Program* or relevant state/territory programs) for relevant activities, the Department may discuss the proposal with the manager of that program for the purpose of assessing the application for Funding.

Taxation

The Australian Government cannot provide tax advice to applicants or irrigators wishing to participate in this Program. It is recommended that all applicants seek their own independent advice concerning the tax consequences of their participation (including advice concerning income tax, capital gains tax and goods and services tax). The tax consequences of participation in this Program may vary according to the particular circumstances of each applicant.

Further information regarding the tax consequences of water rights transfers generally is publicly available on the Australian Taxation Office (ATO) website. Applicants can also contact the ATO business call centre for assistance — freecall **13 28 66**. The Australian Government will not provide any funding under this Program to compensate an applicant or irrigator for any tax liability suffered as a result of participation, except where a taxable supply is made to the Australian Government and a tax invoice provided for GST under the *Funding Agreement*.

Applicants should note that the Australian Government will not accept liabilities for past, present or future taxation arising from any investments funded under this Program.

Conflict of Interest

If there are any matters related to the business interests of persons directly involved with projects under this Program that may conflict with their role in the project, this should be brought to the Department's attention as soon as the conflict of interest is known.

Compliance

Applicants must agree to meet Australian Government contractual obligations including governance and reporting requirements, as outlined in the *Funding Agreement*.

Successful applicants must comply with the requirements of the Australian Government Building and Construction OHS Accreditation Scheme and the National Code of Practice for the Construction Industry (if applicable). Further information regarding the Australian Government Building and Construction OHS Accreditation Scheme can be found at www.fsc.gov.au. Further information regarding the National Code of Practice for the Construction Industry can be found at www.workplace.gov.au/building.

Publicity and acknowledgement of Australian Government support

All publicity for a project shall give appropriate recognition to the role of *Water for the Future*, the *Private Irrigation Infrastructure Project for South Australia* and the Australian Government in supporting that project. This includes invitations to participate in formal project openings or launch ceremonies and publicity events.

Projects will also be required to include appropriate branding and written acknowledgement of *Water for the Future*, the *Private Irrigation Infrastructure Program in South Australia* and the Australian Government on any publicity and written materials developed for the project.

Bank Accounts

For audit and accountability purposes, applicants will be required to keep a separate bank account for funding.

Reporting and Monitoring

The *Funding Agreement* will set out the reporting requirements for a project that has been selected for funding.

Indemnities and Warranties

Successful applicants will be required to indemnify the Australian Government against any environmental or other third party damage caused by the project.

Applicants will be required to provide details of warranties to ensure that the infrastructure that is delivered under this Program is constructed to specification.

Applicants should note that the Australian Government will not accept any responsibility for any legal contracts already entered into, except where explicitly agreed.

TREATMENT OF INFORMATION PROVIDED TO THE DEPARTMENT

Privacy and Freedom of Information

Any information, including contact details and the content of a project, collected by the Department on applicants or potential applicants to the *Private Irrigation Infrastructure Program for South Australia* will be managed according to the Australian Government *Privacy Act (1988)*. Applicants are also reminded that any application for funding submitted under the *Private Irrigation Infrastructure Program for South Australia* is subject to Australian Government Freedom of Information legislation.

Confidentiality

If an applicant believes any information provided in its application is confidential, the applicant will need to clearly identify such information and the reason for its confidentiality in its Application Form.

Applicants should be aware that the Department is subject to certain legislative and administrative accountability and transparency requirements of the Australian Government, including disclosures to the Parliament and its Committees. While the Department will treat all information provided by applicants sensitively, any information contained in or relating to an application, including information identified by an applicant as confidential, may be disclosed by the Department:

- to its employees and advisers in order to evaluate or assess an application;
- to the Minister;
- within the Department or other agencies where this serves a legitimate interest of the Australian Government;
- in response to a request by a House or Committee of the Parliament of the Commonwealth of Australia;
- where information is authorised or permitted by law to be disclosed; and
- where the information is in the public domain otherwise than by the Department's disclosure of that information.

Applicant names and funding amounts will be announced for successful applications. This includes parties to successful applications by Irrigation Infrastructure Operators projects or Delivery Partners. The Department may publish, release or otherwise disclose the names of recipients of grants under this program, their region, the amount granted and the purpose for which the funds were granted. Information on individual grants will be published on the Department's website immediately after the *Funding Agreement* takes effect.

Commercial-in-confidence considerations

Applicants should bring any "commercial-in-confidence" information provided in their Application Form to the attention of the Department.

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CONTACT INFORMATION

For further information regarding the *Private Irrigation Infrastructure Program for South Australia* email **PIIP-SA@environment.gov.au**. An officer from the Department will respond to your enquiry as soon as possible.

It is in the interests of applicants to discuss their application with the Department to ensure they understand all the requirements that are to be met.

GLOSSARY

Building and Construction OHS Accreditation Scheme

This scheme operates such that, subject to certain thresholds, only head contractors who are accredited under the Scheme can enter into contracts for building work that is funded directly or indirectly by the Australian Government. Further information regarding the scheme can be found at **www.fsc.gov.au**

Building and Construction Industry Improvement (OHS) Act (2007)

This Act requires the Australian Government only to fund construction work, within specified monetary thresholds, that is undertaken by builders with OHS accreditation. The Act can be found at **www.austlii.edu.au**

Commonwealth Environmental Water Holder

Means the Commonwealth Environmental Water Holder established under section 104 of the *Water Act 2007*.

Department

Means the Australian Government's Department of the Environment, Water, Heritage and the Arts.

Delivery Partner

Means the principal applicant for the Proposed Project with whom the *Funding Agreement* will be signed, and who is responsible to ensure the project is completed, with direct links to Individual Irrigators party to the project. The Delivery Partner does not hold or have direct control over the tradeable water rights in relation to which the application is being made.

Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)

Means the act of that name available at <http://www.frli.gov.au/comlaw/Legislation/ActCompilation1.nsf/current/bynumber/019B48F4E8C92609CA2570000090254?OpenDocument&mostrecent=1>

Funding Agreement

Means the legal contract to be executed between the Australian Government and any successful applicant.

In-kind contribution

Means a non-cash contribution to a project, including labour, facilities, or equipment.

Individual Irrigator

Means an entity that is the holder of tradeable water entitlements and conducts an irrigation business for the purpose of primary production; and which directly extracts its own water (ie does not obtain water from other water providers).

Irrigation Infrastructure Operator

Means an entity that owns or operates infrastructure for the purpose of delivering water to other persons for the primary purpose of use in irrigation. The entity would be the holder of tradeable water entitlements, either in its own right or on behalf of directors or members of the entity, in relation to which the application is being made.

Minister

Means the Minister for Climate Change and Water.

Proposed Project

Means a project for which Program Funding is sought through the application process.

Sub-Project

Means the activity to be undertaken by an irrigator, who is party to an application lodged by a Delivery Partner or an Irrigation Infrastructure Operator, under which the irrigator is committed to carry out that activity as a part of the overall project plan.

ANNEX A

Role and responsibilities of Delivery Partners

Unlike an Irrigation Infrastructure Operator, a Delivery Partner does not have ownership or direct control over water entitlements that will be subject to transfer under the Program. Delivery Partners that have entered into a *Funding Agreement* with the Australian Government will be responsible for projects under this program. They will make all arrangements with Individual Irrigators, who are holders of the water entitlements, for improving irrigation efficiency in return for a share of the water savings generated by these efficiencies being transferable to the Australian Government.

Delivery Partner roles and responsibilities include the following:

- (a) act as the recipient and manager of funds provided by the Australian Government;
- (b) ensure that the overall program of activity as set out in the *Funding Agreement* is effectively undertaken, including the identification and implementation of individual irrigator sub-projects, within the agreed period and budget and consistent with the objectives of the overall Delivery Partner project;
- (c) identify and fund individual irrigator sub projects on the basis of the Program Guidelines and the objectives and milestones agreed in the overall Delivery Partner project including:
 - evaluation of the technical merit and value for money of individual sub projects, including the volume, quality and reliability of water entitlements to be transferred to the Commonwealth; and
 - ensuring works are carried out to the agreed sub-project plans;
- (d) implement a legally binding contract between the Delivery Partner and each of the Individual Irrigators receiving funds that includes the relevant requirements, as set out in the *Funding Agreement* with the Australian Government including the acquittal of funds for each irrigator sub-project;
- (e) institute project and financial management systems as set out in the *Funding Agreement*;
- (f) agree to take all reasonable measures to ensure that water entitlements offered to the Australian Government are unencumbered; and
- (g) facilitate the timely transfer of water entitlements between the Individual Irrigators and the Commonwealth.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

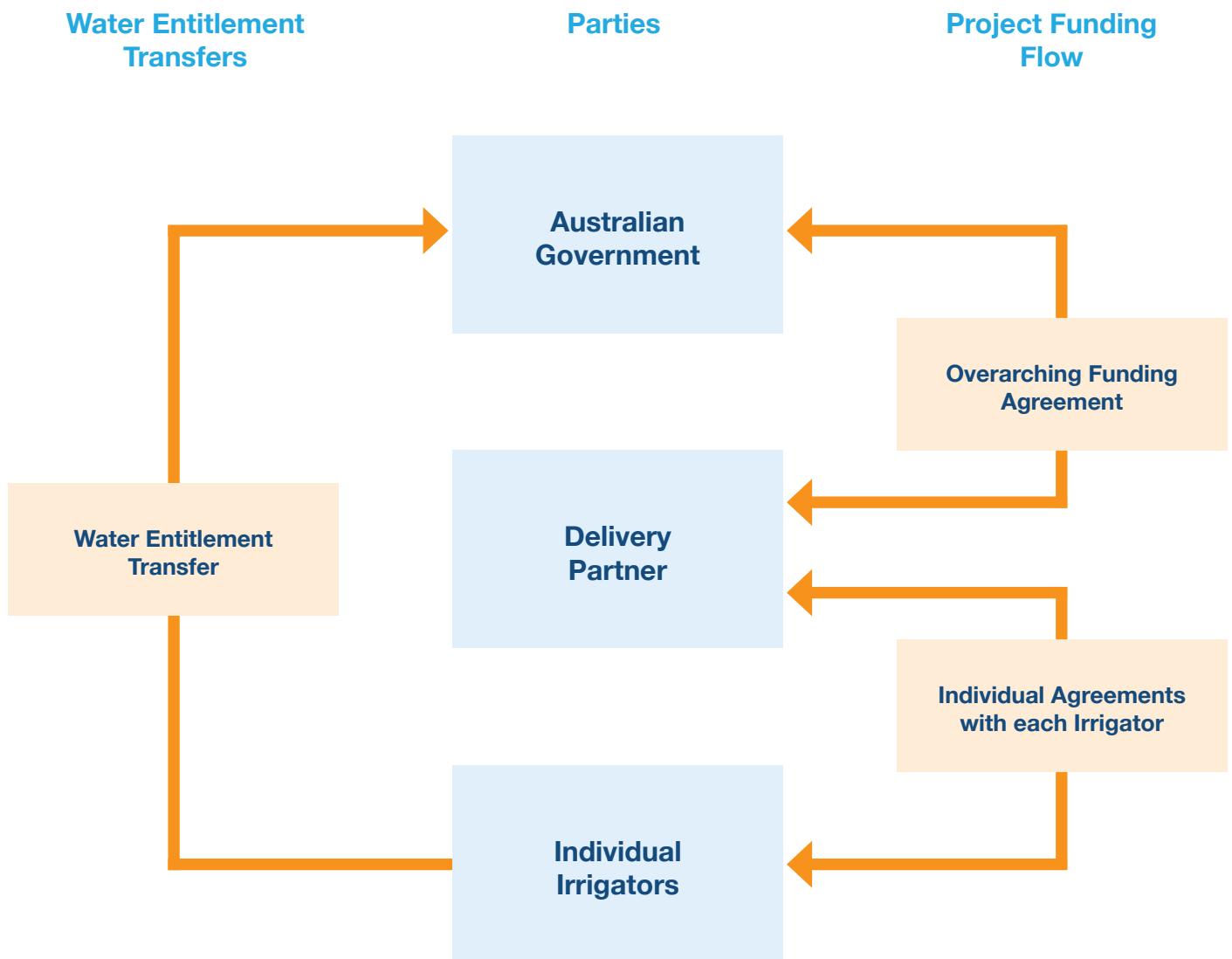
ANNEX B

Application and decision process



ANNEX C

Contractual arrangements for flow of funding and water entitlement transfers where the Applicant is not also the holder of the water entitlements — ie is a Delivery Partner.



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**Private Irrigation Infrastructure Program for South Australia
Irrigation Efficiency Southern Branch**

Department of the Environment, Water, Heritage and the Arts
John Gorton Building
King Edward Terrace
GPO Box 787
PARKES ACT 2601

www.environment.gov.au/water/programs



Australian Government

Department of Sustainability, Environment,
Water, Population and Communities

WATER for the **FUTURE**

Sustainable Rural Water Use
and Infrastructure Program

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

ROUND 2

October 2010

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

It is essential that these Guidelines are read in conjunction with the Application Form and the template for the *Funding Agreement* for the *Private Irrigation Infrastructure Program for South Australia*.

Applicants should ensure they are using the latest version of the Round 2 Guidelines, Application Form and Funding Agreement template, as these may be amended during the course of the Program.

The Minister for Sustainability, Environment, Water, Population and Communities reserves the right to amend these Guidelines at any time.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

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GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

PURPOSE OF THE GUIDELINES

These Guidelines are designed to assist South Australian irrigation businesses drawing on the water resources of the Murray-Darling Basin to apply for the *Private Irrigation Infrastructure Program for South Australia* (the Program).

We strongly recommend that all potential applicants contact the Department of Sustainability, Environment, Water, Population and Communities (the Department) to clarify any aspects of the Guidelines about which they are uncertain. However, the Department is unable to provide funding for application preparation or help applicants write their applications.

These Guidelines are not intended to present all the terms and conditions that will govern the provision of funding. Successful applicants will be required to enter into a legally binding agreement with the Australian Government (*Funding Agreement*) (see pages 9 and 10 of these Guidelines for further information).

A pro-forma of the *Funding Agreement* can be found at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html.

Guidelines do not create legally binding rights or obligations

Nothing in these Guidelines or Application Form is intended to create legally binding rights or obligations. The Minister for Sustainability, Environment, Water, Population and Communities (the Minister) may vary the processes and/or timing set out in these Guidelines and is not obliged to accept any application. During its consideration of project applications, the Department may seek external expert advice on any aspect of an application. Applicants may be required to provide additional information in support of their application.

To be eligible for consideration for funding, applications must be consistent with these Guidelines. However, an applicant that meets all of the eligibility and merit criteria is not guaranteed of funding.

The Minister reserves the right to approve funding for all or part of a project as presented in the Application Form.

INTRODUCTION

The Australian Government's *Water for the Future* initiative is built on four priorities:

- taking action on climate change;
- using water wisely;
- securing water supplies; and
- supporting healthy rivers.

One of the key programs under *Water for the Future* is the *Sustainable Rural Water Use and Infrastructure Program* (SRWUIP). It is directing funding towards rural irrigation water projects to improve the efficiency and productivity of water use and management. The SRWUIP invests in key rural projects that contribute towards sustainable irrigation communities and that save water by upgrading irrigation systems. The *Private Irrigation Infrastructure Program for South Australia* (PIIP-SA) is a component of the South Australian Priority Projects agreed in principle for Commonwealth funding under the Intergovernmental Agreement on the Murray-Darling Basin signed on 3 July 2008. PIIP-SA will be funded under the SRWUIP.

AUSTRALIAN GOVERNMENT'S ENVIRONMENTAL PRIORITIES

The Australian Government's environmental priorities for water-related programs in the Murray-Darling Basin include, but are not limited to:

- protection and restoration of wetlands and other environmental assets of the Murray Darling Basin;
- protection of biodiversity dependent on the Murray-Darling Basin water resources;
- promotion of the conservation of declared Ramsar wetlands in the Murray-Darling Basin; and
- protection and promotion of river health in the Murray-Darling Basin.

Applicants should access the Departmental website (www.environment.gov.au) for more specific information on the Australian Government's environmental priorities.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

PROGRAM OBJECTIVES

The PIIP-SA will enable the Australian Government to acquire water entitlements resulting from water savings generated by infrastructure projects that improve the efficiency and productivity of irrigation water use and management. The program will assist in securing a sustainable future for irrigation communities and assist dependent irrigation communities to adapt to a future scenario of reduced water availability due to climate change.

Regulated water entitlements as held by South Australian irrigators are of high value for environmental watering because they can be actively managed by the *Commonwealth Environmental Water Holder* (CEWH) to deliver benefits to the environment. In particular, they provide significant flexibility on a year to year basis because they can be delivered or traded to a variety of locations where water is needed. Water entitlements acquired under this Program will be used to protect and restore environmental assets in the Murray-Darling Basin and will be managed by the CEWH.

The focus of the Program is on off-farm infrastructure. However, projects that can demonstrate benefits from integrated investment in both on and off-farm infrastructure will be considered. Projects involving on-farm irrigation efficiency improvements would also need to include upgrading of off-farm water delivery infrastructure to be eligible. Irrigation efficiency projects will enable Private Irrigation Infrastructure Operators and private Individual Irrigators (either individually or via delivery partners) to minimise water losses and manage their water allocations more efficiently.

The Program differs from the Australian Government's *On-Farm Irrigation Efficiency Program* which provides only for on-farm irrigation efficiency improvements. Irrigators in South Australia who are seeking support solely for on-farm irrigation efficiency improvement would need to apply under any future round of the *On-Farm Irrigation Efficiency Program*. For more details on this program see

<http://www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html>.

HOW MUCH FUNDING IS AVAILABLE?

The Australian Government has allocated up to \$110 million for the PIIP-SA. Initial funding under the Program was awarded through the first round which closed in April 2010. A third round may be conducted in 2011–12 at the discretion of the Minister.

Applicants are encouraged to make cash contributions to the project. Such contributions may improve the value for money consideration of proposals.

CONDITIONS ATTACHED TO FUNDING UNDER THE PROGRAM

Successful applicants will need to ensure that for each irrigation efficiency project:

- at least 50% of water to be saved as a result of the implementation of infrastructure improvements will be transferred to the Australian Government in the form of unencumbered permanent entitlements;
- the applicant will transfer a minimum of 10 megalitres (10ML) to the Australian Government for each project, and in the case of Delivery Partners, for each sub-project; to be transferred within the period specified in the *Funding Agreement*;
- a credible water efficiency plan has been prepared for each irrigation project, and where appropriate, for each sub-project proposed for funding;
- each infrastructure system or property where irrigation efficiency improvement works are conducted, either has a meter, or will have a meter, before the irrigation project or sub-project is completed that will meet national standards for in field accuracy of +/- 5 % and that metering data will be made freely available to the Bureau of Meteorology. Further information on national metering standards can be found on the Department's website at <http://www.environment.gov.au/water/topics/metering.html> which outlines the National Framework for Non-urban Water Metering.

Projects will be completed within a maximum (subject to negotiation) of 24 months of a Funding Agreement being signed with the Australian Government.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

WHO IS ELIGIBLE TO APPLY FOR FUNDING UNDER THE PROGRAM?

The Program seeks to maximise the opportunity for South Australian irrigators to participate, and recognises that around half of River Murray system irrigation water is extracted by direct diverters. Accordingly, applications will be accepted from three categories of eligible applicants:

1. *Irrigation Infrastructure Operators*;
2. A *Delivery Partner* on behalf of an Individual Irrigator or groups of Individual Irrigators; and
3. *Individual Irrigators*.

To be eligible to apply for funding under the Program, an applicant's project must draw on the water resources of the Murray-Darling Basin of South Australia and the applicant must be a legal entity under one of the following categories (Refer Glossary of terms page 12):

1. An **Irrigation Infrastructure Operator** (includes Irrigation Trusts) that:
 - owns or operates infrastructure and holds water entitlements within the Murray-Darling Basin in South Australia, for the purpose of delivering water to other entities/persons, for the primary purpose of use in irrigation.
2. A **Delivery Partner** that can:
 - demonstrate that it has the authority under organisational governance arrangements to be the lead proponent for the proposed project with direct links to individual private irrigators who are party to the proposed project; and
 - enter into contractual arrangements with the Australian Government and with one or more Individual Irrigators, to implement the proposed project and ensure permanent transfer of entitlements to the Australian Government;

A Delivery Partner may include a:

- natural resources management board;
- industry representative or commodity group;
- regional irrigation body; or
- consortium of irrigators.

A Delivery Partner may apply on behalf of a group of Individual Irrigators. The Delivery Partner will be responsible for ensuring the project is implemented as agreed if successful in receiving funding. The Australian Government will engage with an identified Delivery Partner for the purposes of contact and conclusion of a *Funding Agreement*. An outline of a Delivery Partner's broad roles and responsibilities is provided in [Annex A](#).

An Irrigation Infrastructure Operator which does not hold water entitlements relating to the application, and is submitting an application on behalf of one or more Individual Irrigators, is in effect a Delivery Partner for the purpose of these guidelines.

3. An **Individual Irrigator** that:
 - owns or operates water delivery and irrigation infrastructure and holds water entitlements of 0.5 gigalitres (GL) or more to draw water from the Murray-Darling Basin in South Australia for their own use for the primary purpose of engaging in primary production.

The above entities will:

- agree to ensure that permanent water entitlements offered to the Australian Government are unencumbered and available to be transferred within the specified timeframe after a *Funding Agreement* is signed;
- be a legal entity capable of entering a *Funding Agreement* with the Commonwealth of Australia (note: unincorporated associations are not eligible); and
- be registered with the Australian Taxation Office for Goods and Services Tax purposes with a valid Australian Business Number (ABN).

WHO IS NOT ELIGIBLE TO APPLY UNDER THE PROGRAM?

The following are not eligible to apply for the Program:

- Irrigation Infrastructure Operators or Individual Irrigators who draw water from outside the South Australian area of the Murray-Darling Basin;
- informal or unincorporated groups of irrigators; and
- with the exception of natural resources management boards, state government or local government bodies. However, state agencies/local government may provide technical or other support to applicants.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

WHAT ACTIVITIES ARE ELIGIBLE?

Eligible activities for irrigator projects or sub-projects generating water savings for the Australian Government will be infrastructure based and may include the following:

- installing new or upgrading existing irrigation infrastructure or technology, including pumping systems, pipelines, automated water management systems and sensing equipment intended to improve decision making about irrigation and which will improve irrigation efficiency;
- decommissioning, restructuring or reconfiguration of existing off-farm water delivery systems;
- changes to river operations or storages where there are both environmental benefits and water savings to be achieved; and
- improving irrigated area layout or design for the purpose of improving on farm irrigation efficiency (eg. laser grading or decommissioning old irrigation infrastructure as part of enhancing the overall efficiency of the system).

Program funding will be directed to irrigation applied to primary production. This includes irrigated crops, pasture for stock (e.g. dairy) and commercial horticulture.

WHAT ACTIVITIES ARE NOT ELIGIBLE?

Ineligible irrigator projects or sub-projects are those that acquire water savings generated by the following:

- projects that provide only for on-farm efficiency improvements and that do not also include efficiency improvements to systems delivering water to the farm;
- research and development projects;
- upgrading existing or installing new irrigation systems for urban or industrial land uses;
- projects generating improved irrigation efficiency and savings from the application of different management approaches such as crop rotation or use of new plant types requiring less water;
- converting irrigated land to dryland agriculture in an on-farm component of the project, other than the costs of decommissioning existing irrigation infrastructure;
- on-going labour costs and maintenance costs associated with operating new or existing infrastructure or closing down infrastructure, or depreciation costs;
- projects that have been completed or have already commenced (i.e. Program funding will not be provided to cover expenditure already incurred or committed by an applicant or other project participant);
- capacity building activities;

- planning activities and costs associated with development by irrigators of on farm water efficiency plans; and
- projects seeking to establish irrigation on farms not previously irrigated or new irrigation districts (beyond existing boundaries). However, modifications to the configuration of extant irrigation areas and farms may be considered on a case by case basis.

APPLICATION PROCESS OVERVIEW

All applications will be assessed against the merit criteria.

A *Funding Agreement* will not be entered into until all irrigation projects or sub-projects relevant to that funding agreement are clearly identified, and the overall project cost and details of the water entitlements to be transferred to the Australian Government, have been agreed with the Department.

MERIT CRITERIA FOR APPLICATIONS

Funding applications will be assessed and evaluated on the basis of the information provided by the applicant in the Application Form and will be evaluated against the following criteria: economic, social, technical, environmental, value for money and governance.

Economic and Social criteria

Projects must contribute towards longer-term regional investment and development. This would include, for example, contributions to regional income, production and employment. Regional benefits may also include the potential to attract other investment to the region.

Applicants (and all parties to the application) must be financially viable as demonstrated through the provision of audited financial statements and related documents.

The proposal should demonstrate how the project will help the applicant become more resilient to climatic changes over the longer term by value-adding and/or reducing costs.

Environmental and Technical criteria

Projects must deliver substantial and lasting returns of water to the environment to secure real improvements in river health. The applicant must be able to demonstrate that the project and any associated sub-projects are technically feasible. This should include a credible evaluation of potential water savings and a competent plan for achieving those savings. If this information is contained in a business plan or a modernisation plan, those plans should be provided.

Project proposals that are linked to, cognisant of, or integrated with, broader district or regional water management irrigation efficiency plans will be more highly regarded.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

Applicants should demonstrate how the project would address the longer term impacts of climate change. Applicants may wish to refer to the CSIRO Sustainable Yields research found at www.csiro.au/science/water.html. Projects must be able to deliver water in the form of secure, transferable and unencumbered surface water entitlements to the Australian Government.

The expected net water savings to be achieved across the overall project (and sub-project) and the process used to estimate the net water savings will need to be identified. Before approval can be given, the applicant will need to commit to the overall volume and characteristics (water quality and security) of the water entitlement that will be transferred to the Australian Government in return for funding.

The agreed water entitlements to be transferred to the Australian Government in return for funding must be capable of being used for purposes that support the Australian Government's environmental priorities (refer page 4). This will be indicated by the quality and quantity of water savings to be transferred along with the reliability and availability of water to be used for environmental purposes.

Applicants must also demonstrate strategies to minimise adverse environmental impacts from project activities. This means that project implementation should make little or no contribution to loss of environmental values in the region and preferably would make a positive contribution.

Value for money criteria

Projects must deliver value for money in the context of the above economic, social and environmental criteria, as demonstrated through an analysis of the:

1. Project budget and the contribution the project will make to the regional economy, as indicated for example, by increased employment, capital investment and value added to production/business turnover.
2. Improvements in the net financial performance of the business(es) involved in the project through, for example, reduced net operating costs and/or increased production value
3. The volume and overall project cost to the Commonwealth per megalitre of the estimated water savings to be transferred to the CEWH, compared with the relevant regional market price for permanent water purchases. This analysis will take into account:

- the total volume, quality and security type of water savings to be transferred to the Australian Government;
- the total volume of water savings to be offered to the Australian Government relative to the total investment; and
- the proposed Australian Government investment in the project per megalitre of water to be transferred to the CEWH, relative to the regional market price for water.

4. Level of confidence in the budget figures and estimated water savings. Risks should be identified and addressed. There should also be no residual financial or other responsibility on the Australian Government.
5. In-kind or cash co contributions, which will be taken into account in terms of their overall impact on the proposal and any associated economic or social flow-on.

Governance criteria

The applicant must be capable of:

- successfully managing irrigation infrastructure projects commensurate with the size and nature of the proposed project;
- where relevant, engaging with farmers/irrigators to get agreed outcomes; and
- demonstrating a sound understanding of good project management.

Details of governance arrangements for the project will need to be provided to demonstrate that the applicant can deliver on time, within budget and against all key objectives. The application will need to include:

- methodologies and milestones linked to a feasible project timeframe and plan;
- details of appropriate skills and expertise in irrigation technologies, project management, monitoring and evaluation, and other areas as necessary for project implementation; or the capacity to access such appropriate skills and expertise as necessary for project implementation;
- the process to identify and manage risks associated with all stages of the proposed project through to the project completion;
- details of any linkages, current and proposed, with other funding programs under the *Water for the Future* plan (e.g. 'Restoring the Balance in the Murray Darling Basin; On-Farm Irrigation Efficiency Program'), or any other Australian Government programs and state government initiatives;
- an overall project budget linked to project milestones, payment timelines, amounts and identifying project administration costs;

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

- evidence of financial co-contributions (if any), including letters of commitment detailing cash amounts and in kind contributions from project partners and any other sources; and
- evidence that the overall project is financially viable.

The Program will contribute towards reasonable project administration and management costs for approved projects, where these have been separately identified.

Applicants will be required to provide financial records for the previous three full financial years, including for each of the properties involved where Individual Irrigators are party to the proposal. Financial records include audited financial statements and annual reports (where applicable). Further financial information may be requested of an applicant if it is required to assess the financial strength of an applicant or individual party/parties to an application.

SUBMITTING AN APPLICATION

Closing dates

- The closing deadline for funding applications is **4.30pm Eastern Daylight Saving Time** (4pm Central Daylight Saving Time) on **Tuesday 15 February 2011**.

Applications must be received by the closing deadline. Applicants should ensure that they allow enough time for delivery. Late or incomplete Application Forms and supporting documents will not be accepted. Applications will be considered upon receipt by the Department.

Where to obtain Application Forms

Applications must be made using the official Application Form.

The Application Form may be downloaded from the Department's website at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html.

Format of Application Forms to submit

Applicants are required to submit by the closing deadline:

- TWO UNBOUND ORIGINAL SIGNED hard copies of the application together with supporting documentation. Applications must be certified as correct by, or appropriately authorised by the applicant's organisation; and
- One ELECTRONIC COPY of the application in Microsoft Word Format and, where possible, supporting documentation in Microsoft Word or Excel Format or Adobe PDF Format on disc/CD ROM should also be submitted. An emailed application will be accepted as the electronic copy.

Where to submit Application Forms

Hardcopy applications, supporting documentation and discs/ CDs must be posted or sent via courier to:

Private Irrigation Infrastructure Program for South Australia
Irrigation Efficiency Southern Branch
Department of Sustainability, Environment, Water, Population and Communities
John Gorton Building
King Edward Terrace
GPO Box 787
PARKES ACT 2601

Emailed applications should be forwarded to:

PIIP-SA@environment.gov.au.

Receipt of Applications

The Department will acknowledge applications upon receipt.

THE ASSESSMENT PROCESS

Applications will be assessed against the merit criteria (refer pages 7 to 9). The Department will establish an assessment panel which will make recommendations to the Minister for Sustainability, Environment, Water, Population and Communities. Further information may be required from applicants, and technical advice sourced from third parties, on the application.

APPROVAL OF FUNDING

The Minister for Sustainability, Environment, Water, Population and Communities reserves the right to approve funding for a project as presented in the Application Form or parts thereof. The Department will negotiate with applicants on the specific details of a project under the *Funding Agreement*.

All applicants will be contacted and advised of the outcome of their application. Successful applicants will also be sent a formal letter of offer.

Flow charts illustrating the steps in the application and approval process are provided in [Annex B and on contract and payment links for Delivery Partner applications in Annex C](#).

Funding Agreement

The contractual arrangements for each approved project will entail:

- In the case of projects to be managed by an Irrigation Infrastructure Operator or an Individual Irrigator,
 - a Funding Agreement between the Australian Government and the applicant with specific milestones and milestone payments for the agreed project activities;

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

- the Funding Agreement will include a requirement that the applicant transfer the agreed volume of water savings to the Australian Government.
- In the case of an application lodged by a Delivery Partner
 - a Funding Agreement between the Australian Government and the applicant with specific milestones and milestone payments for the agreed project activities;
 - an individual contract between the Delivery Partner and each of the irrigators party to the Delivery Partner project that sets out the relevant requirements to complete the project, as agreed in the Funding Agreement with the Australian Government; and
 - An individual contract between the Australian Government and each of the irrigators party to a Delivery Partner project, for the agreed volume of water savings to be transferred to the Australian Government.

Once an application has been approved and any subsequent matters settled, the Department will enter into a legally binding *Funding Agreement* with each successful applicant. The *Funding Agreement* will describe the respective roles and responsibilities of each party.

The *Funding Agreement* will be substantially in the form available at www.environment.gov.au/water/policy-programs/srwui/piip-sa/index.html and will contain the standard terms and conditions, together with schedules that will set out details of project specific matters, payment timetables, requirement for due recognition of all Australian Government funding contributions, reporting requirements and any other relevant matters as necessary.

Funds cannot be paid from the Program to a successful applicant until a *Funding Agreement* has been signed with the Australian Government. The *Funding Agreement* must be completed and signed by the applicant and returned to the Department **within 30 days from the date of the formal letter of offer**, otherwise the offer of funding may be withdrawn.

Payment schedule and water transfer

Payments will generally be made by progress instalments. Provision can be made for payments to be made in advance where this is set out in the payments schedule and shown to be necessary.

The Department will consider the proposed schedule of payments and reach agreement with the applicant on milestones and payments as part of the *Funding Agreement*. No payment will be made until the agreed water entitlements have been transferred, in full, to the Commonwealth Environmental Water Holder.

FURTHER INFORMATION

Other funding programs

Applicants may apply for funding under other programs provided it is not for the same activity.

Proposed Projects will not be eligible for duplicate funding. Where applicants are receiving funds from, or have also applied to, other funding programs (such as through State Priority Projects, the *On-Farm Irrigation Efficiency Program*, *Water for Rivers*, *Caring for our Country*, *The Living Murray Initiative*, *Sustainable Regions Program* or relevant state/territory programs) for relevant activities, the Department may discuss the proposal with the manager of that program for the purpose of assessing the application for Funding.

Taxation

The Australian Government cannot provide tax advice to applicants or irrigators wishing to participate in this Program. It is recommended that all applicants seek their own independent advice concerning the tax consequences of their participation (including advice concerning income tax, capital gains tax and goods and services tax). The tax consequences of participation in this Program may vary according to the particular circumstances of each applicant.

Further information regarding the tax consequences of water rights transfers generally is publicly available on the Australian Taxation Office (ATO) website. Applicants can also contact the ATO business call centre for assistance — freecall **13 28 66**. The Australian Government will not provide any funding under this Program to compensate an applicant or irrigator for any tax liability suffered as a result of participation, except where a taxable supply is made to the Australian Government and a tax invoice provided for GST under the *Funding Agreement*.

Applicants should note that the Australian Government will not accept liabilities for past, present or future taxation arising from any investments funded under this Program.

Conflict of Interest

If there are any matters related to the business interests of persons directly involved with projects under this Program that may conflict with their role in the project, this should be brought to the Department's attention as soon as the conflict of interest is known.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

Compliance

Applicants must agree to meet Australian Government contractual obligations including governance and reporting requirements, as outlined in the *Funding Agreement*.

Successful applicants must comply with the requirements of the Australian Government Building and Construction OHS Accreditation Scheme and the National Code of Practice for the Construction Industry (if applicable). Further information regarding the Australian Government Building and Construction OHS Accreditation Scheme can be found at www.fsc.gov.au. Further information regarding the National Code of Practice for the Construction Industry can be found at www.workplace.gov.au/building.

Publicity and acknowledgement of Australian Government support

All publicity for a project shall give appropriate recognition to the role of *Water for the Future*, the *Private Irrigation Infrastructure Project for South Australia* and the Australian Government in supporting that project. This includes invitations to participate in formal project openings or launch ceremonies and publicity events.

Projects will also be required to include appropriate branding and written acknowledgement of *Water for the Future*, the *Private Irrigation Infrastructure Program in South Australia* and the Australian Government on any publicity and written materials developed for the project.

Bank Accounts

For audit and accountability purposes, applicants will be required to keep a separate bank account for funding.

Reporting and Monitoring

The *Funding Agreement* will set out the reporting requirements for a project that has been selected for funding.

Indemnities and Warranties

Successful applicants will be required to indemnify the Australian Government against any environmental or other third party damage caused by the project.

Applicants will be required to provide details of warranties to ensure that the infrastructure that is delivered under this Program is constructed to specification.

Applicants should note that the Australian Government will not accept any responsibility for any legal contracts already entered into, except where explicitly agreed.

TREATMENT OF INFORMATION PROVIDED TO THE DEPARTMENT

Privacy and Freedom of Information

Any information, including contact details and the content of a project, collected by the Department on applicants or potential applicants to the *Private Irrigation Infrastructure Program for South Australia* will be managed according to the Australian Government *Privacy Act (1988)*. Applicants are also reminded that any application for funding submitted under the *Private Irrigation Infrastructure Program for South Australia* is subject to Australian Government Freedom of Information legislation.

Confidentiality

If an applicant believes any information provided in its application is confidential, the applicant will need to clearly identify such information and the reason for its confidentiality in its Application Form.

Applicants should be aware that the Department is subject to certain legislative and administrative accountability and transparency requirements of the Australian Government, including disclosures to the Parliament and its Committees. While the Department will treat all information provided by applicants sensitively, any information contained in or relating to an application, including information identified by an applicant as confidential, may be disclosed by the Department:

- to its employees and advisers in order to evaluate or assess an application;
- to the Minister;
- within the Department or other agencies where this serves a legitimate interest of the Australian Government;
- in response to a request by a House or Committee of the Parliament of the Commonwealth of Australia;
- where information is authorised or permitted by law to be disclosed; and
- where the information is in the public domain otherwise than by the Department's disclosure of that information.

Applicant names and funding amounts will be announced for successful applications. This includes parties to successful applications by Irrigation Infrastructure Operators projects or Delivery Partners. The Department may publish, release or otherwise disclose the names of recipients of grants under this program, their region, the amount granted and the purpose for which the funds were granted. Information on individual grants will be published on the Department's website immediately after the *Funding Agreement* takes effect.

Commercial-in-confidence considerations

Applicants should bring any "commercial-in-confidence" information provided in their Application Form to the attention of the Department.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

CONTACT INFORMATION

For further information regarding the *Private Irrigation Infrastructure Program for South Australia* email **PIIP-SA@environment.gov.au**. An officer from the Department will respond to your enquiry as soon as possible.

It is in the interests of applicants to discuss their application with the Department to ensure they understand all the requirements that are to be met.

GLOSSARY

Building and Construction OHS Accreditation Scheme

This scheme operates such that, subject to certain thresholds, only head contractors who are accredited under the Scheme can enter into contracts for building work that is funded directly or indirectly by the Australian Government. Further information regarding the scheme can be found at **www.fsc.gov.au**

Building and Construction Industry Improvement (OHS) Act (2007)

This Act requires the Australian Government only to fund construction work, within specified monetary thresholds, that is undertaken by builders with OHS accreditation. The Act can be found at **www.austlii.edu.au**

Commonwealth Environmental Water Holder

Means the Commonwealth Environmental Water Holder established under section 104 of the *Water Act 2007*.

Department

Means the Australian Government's Department of Sustainability, Environment, Water, Population and Communities.

Delivery Partner

Means the principal applicant for the Proposed Project with whom the *Funding Agreement* will be signed, and who is responsible to ensure the project is completed, with direct links to Individual Irrigators party to the project. The Delivery Partner does not hold or have direct control over the tradeable water rights in relation to which the application is being made.

Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)

Means the act of that name available at **http://www.frli.gov.au/comlaw/Legislation/ActCompilation1.nsf/current/bynumber/019B48F4E8C92609CA25700000090254?OpenDocument&mostrecent=1**

Funding Agreement

Means the legal contract to be executed between the Australian Government and any successful applicant.

In-kind contribution

Means a non-cash contribution to a project, including labour, facilities, or equipment.

Individual Irrigator

Means an entity that is the holder of tradeable water entitlements and conducts an irrigation business for the purpose of primary production; and which directly extracts its own water (ie does not obtain water from other water providers).

Irrigation Infrastructure Operator

Means an entity that owns or operates infrastructure for the purpose of delivering water to other persons for the primary purpose of use in irrigation. The entity would be the holder of tradeable water entitlements, either in its own right or on behalf of directors or members of the entity, in relation to which the application is being made.

Minister

Means the Minister for Sustainability, Environment, Water, Population and Communities.

Proposed Project

Means a project for which Program Funding is sought through the application process.

Sub-Project

Means the activity to be undertaken by an irrigator, who is party to an application lodged by a Delivery Partner or an Irrigation Infrastructure Operator, under which the irrigator is committed to carry out that activity as a part of the overall project plan.

ANNEX A

Role and responsibilities of Delivery Partners

Unlike an Irrigation Infrastructure Operator, a Delivery Partner does not have ownership or direct control over water entitlements that will be subject to transfer under the Program. Delivery Partners that have entered into a *Funding Agreement* with the Australian Government will be responsible for projects under this program. They will make all arrangements with Individual Irrigators, who are holders of the water entitlements, for improving irrigation efficiency in return for a share of the water savings generated by these efficiencies being transferable to the Australian Government.

Delivery Partner roles and responsibilities include the following:

- (a) act as the recipient and manager of funds provided by the Australian Government;
- (b) ensure that the overall program of activity as set out in the *Funding Agreement* is effectively undertaken, including the identification and implementation of individual irrigator sub-projects, within the agreed period and budget and consistent with the objectives of the overall Delivery Partner project;
- (c) identify and fund individual irrigator sub projects on the basis of the Program Guidelines and the objectives and milestones agreed in the overall Delivery Partner project including:
 - evaluation of the technical merit and value for money of individual sub projects, including the volume, quality and reliability of water entitlements to be transferred to the Commonwealth; and
 - ensuring works are carried out to the agreed sub-project plans;
- (d) implement a legally binding contract between the Delivery Partner and each of the Individual Irrigators receiving funds that includes the relevant requirements, as set out in the *Funding Agreement* with the Australian Government including the acquittal of funds for each irrigator sub-project;
- (e) institute project and financial management systems as set out in the *Funding Agreement*;
- (f) agree to take all reasonable measures to ensure that water entitlements offered to the Australian Government are unencumbered; and
- (g) facilitate the timely transfer of water entitlements between the Individual Irrigators and the Commonwealth.

GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

ANNEX B

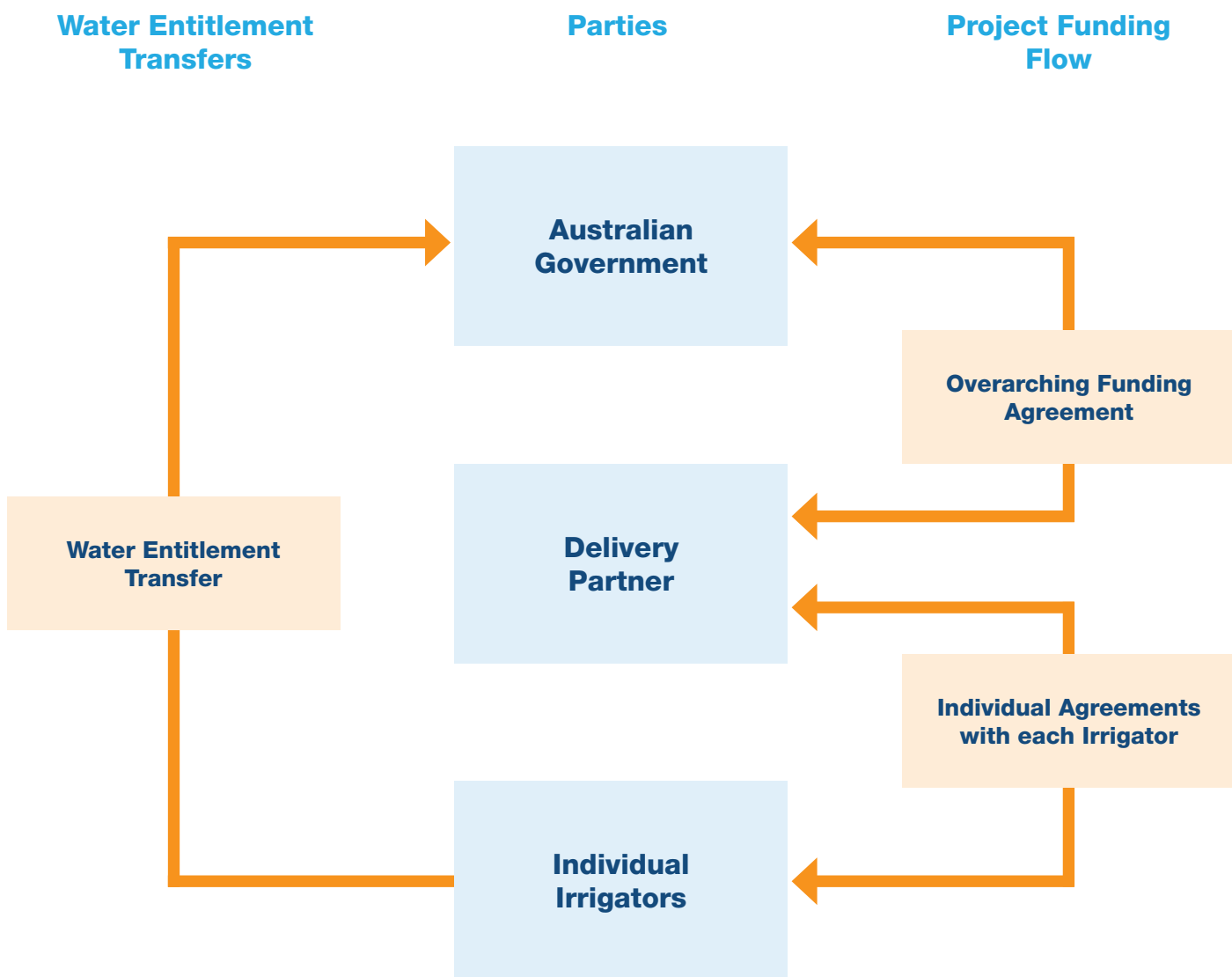
Application and decision process



GUIDELINES FOR THE PRIVATE IRRIGATION INFRASTRUCTURE PROGRAM FOR SOUTH AUSTRALIA

ANNEX C

Contractual arrangements for flow of funding and water entitlement transfers where the Applicant is not also the holder of the water entitlements — ie is a Delivery Partner.



A decorative graphic consisting of several overlapping, curved yellow brushstrokes that sweep across the upper right portion of the page.

**Private Irrigation Infrastructure Program for South Australia
Irrigation Efficiency Southern Branch**

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