



Australian Government

Department of Sustainability, Environment,
Water, Population and Communities

WATER for the **FUTURE**

Sustainable Rural Water Use
and Infrastructure Program

GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

ROUND TWO

December 2010

Sustainable Rural Water Use and Infrastructure Program

GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

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Disclaimer

This document has been prepared to provide guidance to potential applicants for financial assistance for water saving initiatives under the On-Farm Irrigation Efficiency program.

The Commonwealth does not take any responsibility for the merits of any application made or project undertaken pursuant to these guidelines.

This document should not be construed as financial, taxation, legal or other advice. It is important that you read this document in full before deciding to submit an application. You should seek professional advice from your accountant, lawyer or other professional advisor before deciding to submit an application.

Potential applicants should note that information received in connection with an application may also be provided to the Australian Taxation Office, the Department of Finance and Deregulation, and third parties engaged by the Department of Sustainability, Environment, Water, Population and Communities to assist with the assessment of the applications received.

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Purpose of the guidelines

These guidelines are designed to assist applicants with projects located within the Lachlan River catchment and the southern connected system of the Murray-Darling Basin to submit applications for the *On-Farm Irrigation Efficiency Program* (the program). The southern connected system encompasses the New South Wales Murray, Victorian Murray, South Australian Murray, Murrumbidgee, Kiewa, Ovens, Goulburn, Broken, Campaspe, Loddon, Avoca, and the Lower Darling (south of Menindee Lakes) river catchments.

This program seeks applications from organisations who wish to undertake the role of delivery partners. This program is not open to individual irrigators, who must apply to participate via delivery partners.

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 will not help, or provide funding for, an applicant to prepare an application.

These guidelines are not intended to present all the terms and conditions that will govern the provision of funding under the program. Successful applicants will be required to enter into a legally binding Funding Agreement with the Australian Government (see page 12 of these guidelines for further information). A proforma of the Funding Agreement can be found at www.environment.gov.au/water/programs/srwui/on-farm.html.

It is essential that these guidelines are read in conjunction with the application form and the proforma for the Funding Agreement for the *On Farm Irrigation Efficiency Program*.

Applicants should ensure they are using the latest version of the guidelines, application form and Funding Agreement proforma, as these may be amended during the course of the program.

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

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 may vary the processes and/or timing set out in these guidelines and is not obliged to accept any application, regardless of whether it complies with these guidelines and the assessment process.

During its consideration of project applications, the department may negotiate with applicants and/or seek external expert advice on any aspect of an application.

To be eligible for consideration for funding applicants must demonstrate they meet the eligibility criteria to be a delivery partner (see page 7 of these guidelines). However because of the competitive nature of the program, applications submitted by eligible delivery partners that meet the merit criteria are not guaranteed of funding.

The Minister reserves the right to approve funding for a project as presented in the application form or parts thereof.

Introduction

Australia faces major challenges in ensuring a sustainable water supply in the face of a drying climate and rising demand for water. In response, the Australian Government's initiative, *Water for the Future*, provides national leadership in water reform for all Australians and is an investment program over 10 years to prepare Australia for a future with less water.

Water for the Future is built on four priorities:

- Taking action on climate change;
- Using water wisely;
- Securing water supplies; and
- Supporting healthy rivers.

As part of *Water for the Future*, the *Sustainable Rural Water Use and Infrastructure Program* invests in key rural water projects that support sustainable irrigation communities and that save water by upgrading out-dated and leaky irrigation systems, and by directing funding towards rural irrigation water projects to improve the efficiency and productivity of water use and management. This will help secure a long term sustainable future for irrigation regions and return water to the environment.

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Water for the Future provides a new impetus to the *National Water Initiative* and strengthens its role as the blueprint for continuing water reform. The key objectives of the *National Water Initiative* are to improve the efficiency of water use and establish clear pathways to return all water sources to environmentally sustainable levels of extraction.

The *On-Farm Irrigation Efficiency Program* is aimed at assisting irrigators in the Lachlan and southern connected system of the Murray-Darling Basin to modernise their on-farm irrigation infrastructure while sharing water savings between irrigators and the environment.

Program information is also available at:

www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html

Program objectives

The program aims to support irrigators in implementing on-farm infrastructure projects (sub-projects) to improve the efficiency and productivity of on-farm water use and management. Water savings generated by these projects will be shared between irrigators and the environment with at least 50 per cent of the water savings transferred to the Australian Government. These sub-projects will allow irrigators to reduce water losses and manage their water allocations more efficiently. They will also assist dependent irrigation communities to adapt to a future of reduced water availability due to climate change.

The water entitlements transferred to the Australian Government under this program will be used for the purpose of protecting and restoring environmental assets and will be managed by the Commonwealth Environmental Water Holder (CEWH).

Intergovernmental agreement

In all Murray-Darling Basin states, transfers relating to on-farm water savings from the program will be exempt from any volumetric limits applicable to water purchase programs as set out in the existing Intergovernmental Agreements between the respective state and Australian governments.

Trade Approval of water entitlements transferred to the Australian Government

Any water entitlements transferred to the Australian Government as part of this program must be exempt from any trading restrictions which may be applicable at the time of transfer. Program funding will be withheld until trade approval is granted for entitlements transferred to the Australian Government.

Available funding

The Australian Government has allocated \$300 million for the program. Funding will be awarded through three competitive rounds over the four year duration of the program. \$100 million was awarded under round one and it is anticipated that up to \$150 million will be available in round two, with any remaining funds distributed in a third round.

Funding arrangements under the program

The program will provide funding to delivery partners who are responsible for managing and implementing individual irrigator sub-projects. Delivery partners will be eligible organisations that have close relationships with irrigator communities in the Lachlan River catchment and the southern connected system of the Murray Darling Basin. These organisations will act as Project Managers for the Australian Government.

These delivery partners will have a critical role in designing and managing an overall delivery partner project that brings together a number of individual irrigator sub-projects designed to improve on farm irrigation efficiency and transfer of a share of the water savings generated through these individual irrigator sub-projects to the Australian Government. Delivery partner applications will also outline how appropriate irrigator sub-projects will be identified, evaluated, and managed and will estimate the volume of water entitlements that will be available for transfer to the Australian Government.

While other bodies may be involved in or make a contribution to an overall delivery partner project (e.g. as a member of a consortium with one or more organisations identified above), the Australian Government will engage with the eligible delivery partner for the purposes of contact.

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Funding is not offered under the program to delivery partner applicants for the preparation of applications at stage one or stage two of the application process.

Successful delivery partner applicants may be able to include costs associated with preparation of their stage two application as part of (but not in addition to) their claim for administration and project management costs.

Once a funding agreement is signed with a delivery partner, an upfront payment of up to 8 percent of the funding agreement project value will be made to the delivery partner for administration and project management costs.

Further information on the role and responsibilities of delivery partners is provided in Attachment A. Further information on the role and responsibilities of irrigators is provided in Attachment B.

Conditions of funding under the program

Delivery partners must ensure that for each irrigator sub-project funded as part of their overall project:

- projects generate a minimum water saving volume of 20ML of which at least 50% must be returned to the Australian Government in the form of unencumbered permanent entitlements;
- the unencumbered permanent entitlements will be transferred to the Australian Government prior to project funding being provided to the individual irrigator involved in the sub-project;
- a recognised whole farm plan, or similar document exists for each irrigator sub-project proposed for funding through the delivery partner project. Such a plan will assist in ensuring the infrastructure work proposed is suitable to the farm layout, systems and water supply to achieve the water savings. It is up to the delivery partner to ensure that the on-farm plans used are technically sound. The provision of a whole farm plan or similar document may be required for auditing purposes; and
- each property where irrigation efficiency improvement works are conducted either has or will have before the irrigation sub-project is completed a water metering system for the property's irrigation works that is

compliant with the National Framework for Non-urban Water Metering and that metering data will be made freely available to the Bureau of Meteorology. Further information on Australian Government requirements in this area can be found at the department's website at www.environment.gov.au/water/topics/metering.html.

Only sub-projects that require new meter/s as part of their infrastructure upgrade are required to replace or install them and can include these costs in their project funding.

Delivery partner projects, including all irrigator sub-projects, will be completed within a maximum of 36 months of a Funding Agreement being signed with the Australian Government.

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.

Delivery partners should consult the departmental website (www.environment.gov.au) for more specific information on the Australian Government's environmental priorities.

Regulated water entitlements are of high value for environmental watering because they can be actively managed by the 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. In the southern connected part of the Basin where regulated entitlements make up a large proportion of the water that is available, the Government considers that they offer substantial additional value over water rights in unregulated systems.

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Who is eligible to be a delivery partner?

This program seeks applications from organisations who wish to undertake the role of delivery partners. Applications are not open to individual irrigators who may be involved in the program via a delivery partner. To be an eligible delivery partner under the program, an applicant must:

- be an entity with direct and demonstrable links to irrigators such as:
 - an Irrigation Infrastructure Operator;
 - a Catchment Management Authority;
 - a commodity or agricultural industry group; or
 - a regional irrigation body;
- be able to demonstrate it has the authority under organisational governance arrangements to be the lead proponent who is responsible for the delivery partner project and is able to enter into contractual arrangements with others (e.g. project participants and irrigators) to implement the project;
- be financially viable as demonstrated through the provision of audited financial statements and related documents;
- be a legal entity capable of entering into a Funding Agreement with the Australian Government (note: unincorporated associations are not eligible);
- be registered with the Australian Taxation Office for Goods and Services Tax purposes with a valid Australian Business Number (ABN);
- agree to take all reasonable measures to ensure that permanent water entitlements offered to the Australian Government are unencumbered and are available to be transferred within the specified timeframe after a Funding Agreement is signed; and
- be seeking funding for irrigator sub-projects located only within the Lachlan River catchment and the southern connected system of the Murray Darling Basin.

Who is NOT eligible to be a delivery partner?

Individuals or organisations not eligible to apply for the program are:

- individual irrigators— individual irrigators may instead be engaged by a delivery partner (i.e. entities selected to receive program funding in accordance with these guidelines and which have signed a Funding Agreement);
- state governments or local government bodies – however, they may provide technical or other support to a delivery partner and be a consortium member; and
- organisations which directly supply or install irrigation equipment.

Activities eligible for funding

Activities eligible for irrigator sub-projects generating water savings for the Australian Government will be infrastructure based, occur on an existing irrigated farm, and may include the following:

- installing new or upgrading existing irrigation infrastructure or technology, including automated water management systems and sensing equipment intended to improve decision making about irrigation and which will improve irrigation efficiency;
- improving irrigated area layout or design for the purpose of improving on farm irrigation efficiency (e.g. laser grading, decommissioning old irrigation infrastructure as part of enhancing the overall efficiency of the system);
- ancillary equipment necessary for new or upgraded irrigation systems to function (e.g. computer equipment); and
- capital costs of new/upgraded irrigation equipment as well as the cost of installation.

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

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Activities NOT eligible for funding

Activities that are ineligible for irrigator sub-projects include, but not limited to, activities that acquire water savings generated by the following:

- 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;
- projects converting irrigated land to dryland agriculture (this does not include within farms where it is consistent with a whole farm plan or similar document and the total irrigated area is not increased);
- projects where the total irrigated area footprint is increased as a result of the project activity;
- projects where the total water use is increased as a result of the project activity;
- on-going labour and maintenance costs associated with operating new or existing infrastructure or closing down infrastructure;
- 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 a delivery partner or other project participant);
- projects seeking to establish irrigation on farms not previously irrigated or new irrigation districts; and
- planning activities and costs associated with development by irrigators of on-farm water efficiency plans, whole farm plans, or similar documents.

Application process overview

All applications will be considered against the merit criteria through a competitive grants process.

Attachment C outlines the application and decision process and Attachment D outlines the assessment process.

Applications are processed in two stages. During stage one delivery partners must address the merit criteria outlined in these guidelines at a project level, and provide information on the types of irrigation infrastructure conversions they intend to deliver. It is not necessary to provide details of individual irrigator sub-projects in the stage one application. However delivery partners must outline how they will identify and evaluate individual irrigation sub-projects. Delivery partners who are successful in stage one will initially receive 'in principle' approval for some or all of the sub-project types in their application.

Successful delivery partners will then progress to stage two, where they are required to submit individual irrigator sub-project information. Stage two will be assessed against the same eligibility and merit criteria as stage one and as stage one 'in-principle' funding approval is awarded competitively, the department will negotiate with delivery partners during stage two to ensure consistency with stage one is maintained. Project attributes including funding amounts, project costs, the volume of water savings are important and where more than one water entitlement type is offered for transfer to the Australian Government against a sub-project type at stage one, then the proportions of different entitlement types must be maintained at stage two.

Delivery partners are expected to submit individual irrigator sub-project information to the department for a decision on whether or not the sub-project will proceed to a Funding Agreement within 60 days of the date of in-principle approval. Delivery partners should note that a Funding Agreement will be entered into when all irrigator sub-projects have been assessed, the overall project funding and the volume and type(s) of water entitlements to be returned to the Australian Government has been agreed with the department. If the above matters are not settled within this period then the in-principle approval of the project may be withdrawn.

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Information required for applications

To apply for the program, a delivery partner must complete and submit a stage one application form which is available from the department's website:

www.environment.gov.au/water/programs/srwui/on-farm.html

Delivery partners who are awarded in-principle funding and progress to stage two assessment will be required to complete an application form for each irrigator sub-project. Information required at this stage is outlined in Attachment A.

Merit criteria for applications

During the stage one assessment, applications will be assessed on the basis of the information provided by the delivery partner against the following criteria: economic, social, environmental, technical, value for money and governance. All projects must meet minimum thresholds under each of the merit criteria to be eligible for funding. Projects meeting the minimum thresholds will then be ranked using the criteria outlined in these guidelines.

Economic and social criteria

Delivery partner projects must contribute towards regional investment and development. This would include, for example, contributions to regional income, production and employment as well as business viability.

Delivery partner projects must include district-level capacity building activities, such as field days, training, demonstration activities and case studies, to encourage uptake of water-efficient practices and technologies.

Environmental criteria

Delivery partner projects must deliver substantial and lasting returns of water to the environment to secure real improvements in river health.

Delivery partner projects must demonstrate strategies to minimise adverse environmental impacts from project activities.

Delivery partner projects must be able to validate calculations of net water savings, and projections should take into account the impacts of climate change (for example, the CSIRO Sustainable Yields research found at **www.csiro.au/science/water.html**).

Delivery partner projects must be able to deliver water in the form of secure and transferable unencumbered water entitlements to the Australian Government. Priority will be given to regulated surface water entitlements. 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 mentioned on page 6.

Technical criteria

Delivery partners must be able to provide evidence that each sub-project is technically feasible and the engineering solutions are appropriate to the needs of the irrigation system and the sub-project site, and that the estimated water savings are deliverable. Sub-projects will be assessed to determine:

- the suitability of the proposed irrigation infrastructure for the farm site, crop type and soil type;
- whether the nominated cost of the proposed sub-project is within the expected range for that type of infrastructure and scale of installation; and
- whether the water savings arising from the proposed infrastructure improvements are within the expected range for that type of irrigation infrastructure, subject to any known external factors that might affect performance.

Delivery partner projects must be able to validate that the sub-projects have been reviewed by a competent irrigation professional. Delivery partner projects engaging certified irrigation professionals will be more highly regarded.

Value for money criteria

Delivery partner projects must deliver value for money in the context of the economic, social, environmental and technical criteria.

The estimate of water savings to be provided by the individual irrigator sub-projects and the total proposed cost of the individual irrigator sub-projects will be important. The delivery partner should estimate the net water savings to be achieved by the delivery partner projects and describe the process used to estimate it. The overall volume and security type(s) of water entitlement to be transferred to the Australian Government in return for funding must also be identified.

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All relevant information in the application will be used to assess the value for money the project may deliver – this will include an analysis of the overall cost per megalitre of the estimated water savings against the relevant regional market price for permanent water purchases. This analysis will take into account:

- the total volume of water savings likely to be offered in terms of the total investment in the project required to produce those savings;
- the volume and security type of water savings to be transferred to the Australian Government in terms of the Australian Government investment in the project; and
- any in-kind or cash co-contributions will be taken into account.

Governance criteria

Delivery partners must be capable of:

- successfully managing large, complex natural resource management projects;
- engaging with farmers/irrigators to get agreed outcomes;
- demonstrating a sound understanding of best practice project management;
- be able to fulfil the roles and responsibilities of a delivery partner outlined in these guidelines; and
- engaging with the Australian Government to get agreed outcomes.

In their application delivery partners must provide evidence in support of their project management capability, including copies of the delivery partner's annual reports and audited financial statements for the last three full financial years. Examples of projects currently underway and/or previously completed by the delivery partner should be outlined, including an evaluation of their effectiveness and the contact details of three project referees.

Additionally, they should provide details of the governance arrangements for the delivery partner project to demonstrate that the delivery partner can deliver on time, within budget and against all key objectives. This will need to include:

- details of appropriate skills and expertise in irrigation technologies, project management, monitoring and evaluation and other areas as necessary for project implementation, or capacity to access such appropriate skills and expertise as necessary for project implementation;
- methodologies and milestones linked to a feasible project timeframe and plan;
- a risk management plan identifying risks associated with all stages of the proposed project through to project completion and a brief description of the process to manage these risks;
- details of linkages, current and proposed, with other funding programs under the *Water for the Future* (e.g. *Restoring the Balance in the Murray-Darling Basin*), any other Australian Government programs and state government initiatives (e.g. *Northern Victoria Irrigation Renewal Project* (NVIRP));
- an overall delivery partner project budget including expenditure timelines and project administration costs; and
- evidence of financial co-contributions (if any), including letters of commitment detailing cash amounts and in-kind contributions from other project partners.

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Submitting an application

Closing dates

The closing time for funding applications will be **4.00 pm (Canberra time) Thursday 31 March 2011**. Please ensure applications in the format given below are received by the closing time, allowing enough time for delivery. Incomplete application forms and supporting documents may not be accepted. This decision will be at the discretion of the department. Applications can be submitted at any time up to the closing time, however, they will not be considered by the department until after the closing time. Applications will not be accepted after the closing time unless the department requests or determines otherwise.

Where to obtain an application form

Delivery partner applications must be prepared using the official application form and submitted in the format detailed below. Applications not submitted on the official application form and/or not submitted as per the format detailed below will not be considered.

The application form may be downloaded from the department's website at www.environment.gov.au/water/programs/srwui/on-farm.html.

Format of application forms to submit

Delivery partners must submit the following by the closing date:

- **TWO UNBOUND ORIGINAL SIGNED** hard copies of the application together with supporting documentation. Information included in the application, including attachments, must be certified as correct by a person appropriately authorised by the applicant's organisation.
- **ONE ELECTRONIC COPY** of the application in Microsoft Word Format and supporting documentation in Microsoft Word or Excel Format or Adobe PDF Format on disc/CD ROM should also be submitted. Emailed applications or supporting documentation will not be accepted.

Where to submit application forms

Hardcopy applications, supporting documentation and discs/ CDs must be posted to:

On-Farm Irrigation Efficiency Program
Department of Sustainability, Environment, Water,
Population and Communities
GPO Box 787
CANBERRA ACT 2601

Or sent via courier to:

Kylie Relf
On-Farm Irrigation Efficiency Program
Water Efficiency Division
Department of Sustainability, Environment, Water,
Population and Communities
John Gorton Building
King Edward Terrace
PARKES ACT 2600

Receipt of applications

The department will acknowledge receipt of applications.

Assessment

The program is based on a competitive grants model to ensure the best applications are selected for funding. Applications will be assessed on the basis of the information provided by the delivery partner in their application form (and its specified attachments) against the eligibility and merit criteria described in these guidelines. Applicants should be aware that assessors are not obliged to refer to or rely on knowledge or documentation other than that in the application form (and its specified attachments). Attachment D provides further detail on the assessment process.

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Approval of funding

The Minister reserves the right to approve funding for a delivery partner project as presented in the application form or parts thereof. The department may negotiate with delivery partners on the specific details of a project under the Funding Agreement.

All applicants will be contacted and advised of the outcome of their application. The Minister will announce the successful delivery partner projects under the *On-Farm Irrigation Efficiency Program*. Successful delivery partners will also be sent a formal letter of offer.

A flow chart illustrating the steps in the application and decision process is provided in Attachment C.

Funding Agreement

The contractual arrangements for each approved delivery partner project will be:

- a Funding Agreement between the Australian Government and the delivery partner with specific milestones and milestone payments for the agreed project activities identified;
- an individual contract between the delivery partner and each of the irrigators receiving funds under the delivery partner project that includes the relevant requirements, as set out in the Funding Agreement with the Australian Government; and
- an individual contract between the Australian Government and each of the irrigators included in the delivery partner project that holds the water entitlement to transfer agreed water savings 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 delivery partner. The Funding Agreement will describe the respective roles and responsibilities of each party. During the application process the department will, where possible, work with delivery partners on the details of milestones and other areas of the funding agreement.

The Funding Agreement will be in the form available at www.environment.gov.au/water/programs/srui/on-farm.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. If terms of the Funding Agreement require amendment, an updated version will be made available at the above website. Applicants must ensure they have the most recent version of the Funding Agreement.

Funds cannot be paid from the *On-Farm Irrigation Efficiency Program* to a delivery partner until a Funding Agreement has been signed with the Australian Government. The Funding Agreement must be completed and signed by the delivery partner 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.

Further information

Other funding programs

Proposed Projects will not be eligible for duplicate funding. Where delivery partners are receiving funds from or have also applied to other funding programs (such as through State Priority Projects, the *Private Irrigation Infrastructure Operators 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 delivery partners or irrigators wishing to participate in this program. It is recommended that all delivery partners and irrigators 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 delivery partner or irrigator. Further information regarding the tax consequences of water transfers generally is publicly available on the Australian Taxation Office (ATO) website.

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Delivery partners and irrigators 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 a delivery partner 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.

Delivery partners and irrigators 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 a potential or actual conflict of interest is known and the applicant should describe in their application how they will manage this.

Compliance

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

For projects where the value of the Australian Government contribution to the project is at least \$5 million and represents at least fifty per cent of the total construction value; or the Australian Government contribution to the project is \$10 million, irrespective of the proportion of the Australian Government funding, the delivery partner 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 *On-Farm Irrigation Efficiency Program* 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 *On-Farm Irrigation Efficiency Program* and the Australian Government on publicity and written materials developed for the project. The department will work with delivery partners with respect to project publicity.

Bank accounts

For audit and accountability purposes, delivery partners will be required to keep a separate bank account for funding made under this program.

Reporting and monitoring

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

Indemnities and warranties

Delivery partners will be required to indemnify the Australian Government against any environmental or other third party damage caused by the individual irrigator sub-projects.

Delivery partners will be required to provide details of warranties to ensure that the infrastructure that is delivered under this program is constructed to specification.

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

Both delivery partners and participating irrigators will be required to demonstrate that they have public liability insurance for at least \$20 million prior to the project commencing.

Sustainable Rural Water Use and Infrastructure Program

GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

Treatment of information provided to the department

Information contained in application forms or Funding Agreements received for this program may continue to be used by the department to inform consideration of activities under current and future programs.

Privacy and freedom of information

Any information, including contact details and the content of a project, collected by the department on delivery partners or potential delivery partners to the program will be managed according to the Commonwealth *Privacy Act (1988)*. Delivery partners are also reminded that any application for funding submitted under the program is subject to Commonwealth Freedom of Information legislation.

Confidentiality

If a delivery partner believes any information provided in its application is confidential, the delivery partner will need to clearly identify such information and the reason for its confidentiality in its application form.

Delivery partners 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 delivery partners sensitively, any information contained in or relating to an application, including information identified by a delivery partner 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 the 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.

Delivery partner names and funding amounts will be announced for successful applications. This includes parties to delivery partners of successful applications. The department will publish the names of recipients of grants under this program, their region, the amount granted and the purpose for which the funds were granted as per the requirements of the Commonwealth Grants Guidelines.

Commercial-in-confidence considerations

Delivery partners should bring any "commercial-in-confidence" information provided in their application form to the attention of the department at the time of application.

Contract for water entitlement transfer from an irrigator to the Australian Government

Arrangements for water entitlement transfers under this program will be consistent with the arrangements described in the relevant sections of the guidelines for water entitlement purchasing under the *Restoring the Balance in the Murray-Darling Basin (Water Entitlement Purchasing) Program*.

Contact information

For further information regarding the *On-Farm Irrigation Efficiency Program* email

waterinformation@environment.gov.au or call (toll free) **1800 218 478**. An officer from the department will respond to your enquiry as soon as possible.

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

On-Farm Irrigation Efficiency Program information is also available at: **www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html**.

Sustainable Rural Water Use and Infrastructure Program

GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

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.

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 applicant for funding under the program with direct links to individual irrigators with whom the Funding Agreement will be signed and who must be an entity as specified in the guidelines.

Delivery partner Project

Means a project for which program funding is sought through the application process by a delivery partner.

Funding Agreement

Means the legal contract to be executed between the Australian Government and any successful delivery partner. A proforma agreement can be found at: www.environment.gov.au/water/programs/srwui/on-farm.html.

In-kind contribution

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

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.

Irrigator sub-project

Means an individual on-farm irrigation infrastructure project as identified by a delivery partner as part of a delivery partner project.

Letter(s) of commitment

Means a written letter expressing commitment to the delivery partner's project proposal.

Minister

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

National Water Initiative

Means an intergovernmental agreement on water reform created in June 2004, available at www.nwc.gov.au/html/117-national-water-initiative.asp.

Restoring the Balance in the Murray-Darling Basin

The *Restoring the Balance in the Murray-Darling Basin Program* provides \$3.1 billion over ten years to purchase water entitlements and is a component of the *Water for the Future* plan to secure the long-term water supply for all Australians.

Southern Connected System of the Murray-Darling Basin

Means the system of the Murray-Darling Basin that includes the following river catchments: NSW Murray, Victorian Murray, South Australian Murray, Murrumbidgee, Kiewa, Ovens, Goulburn, Broken, Campaspe, Loddon, Avoca, and the Lower-Darling (south of Menindee Lakes).

Due diligence

Due diligence is a measure of prudence activity, or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent person under the particular circumstances; not measured by any absolute standard but depends on the relative facts of the case.

Sustainable Rural Water Use and Infrastructure Program

Means the component of *Water for the Future* that provides investment for improving the efficiency and productivity of water use and management.

Water for the Future

Means the Australian Government strategy to prepare Australia for a future with less water.

Sustainable Rural Water Use and Infrastructure Program

GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

ATTACHMENT A: Role and responsibilities of delivery partners

Delivery partners, and potential delivery partners, are required to undertake a range of roles and responsibilities at different stages of the process. They will make all arrangements with individual irrigators for improving on-farm irrigation efficiency in return for a share of the water savings generated by these efficiencies being transferable to the Australian Government.

The following information outlines these key roles and responsibilities:

Stage one – delivery partner application process

- prepare application;
- determine range and scope of irrigation conversion types to be included in the application (this may include liaising with individual irrigators relating to sub-projects);
- estimate the volume of the water able to be returned by the project; and
- estimate costings of the project.

Costs which may be born by delivery partners during this phase include:

- the cost of preparing the application.

Stage two – individual sub-project application process

- liaise with individual irrigators to establish sub-projects;
- identify individual irrigator sub-projects on the basis of the program guidelines including:
 - evaluation of the technical merit and value for money of individual sub-projects, including the volume of water entitlements to be transferred to the Australian Government;
- gather a range of information from individual irrigators, including:
 - personal details including names, address, ABN/ACN, employment;
 - water entitlement details including associated mortgages;
- negotiate the details of the Funding Agreement with the Australian Government; and
- ensure each sub-project has a whole farm plan or similar document.

Costs which may be born by delivery partners during this phase include:

- the cost of liaising with irrigators and gathering information; and
- the cost of submitting applications.

Project implementation

- (a) Act as the recipient and manager of funds provided by the Australian Government, including where the delivery partner is part of a consortium.
- (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 delivery partner project.
- (c) Identify and fund individual irrigator sub projects on the basis of the program guidelines, the Funding Agreement and the objectives and milestones agreed in the delivery partner project including:
 - evaluation of the technical merit and value for money of individual sub projects, including the volume of water entitlements to be transferred to the Australian Government; and
 - ensuring works are carried out to the agreed irrigator 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 permanent water entitlements offered to the Australian Government are unencumbered.
- (g) Facilitate the transfer of water entitlements between the individual irrigators and the Australian Government.

Costs which may be born by the delivery partners during this phase include:

- ongoing project management including assessment of works and administration requirements.

ATTACHMENT B: Individual Irrigator Roles and Responsibilities

Individual irrigators interested in participating in the program have a range of responsibilities:

Stage one – delivery partner application process

- determine which organisations in their locality may be applying to become a delivery partner;
- where relevant, the individual irrigator should undertake their own due diligence process to assure themselves that they would be comfortable aligning with potential delivery partners;
- ensure they have a current, unencumbered water entitlement (10ML minimum transfer from 20ML minimum total project savings) within the catchments identified in these guidelines and can discharge any mortgages that may be held over this entitlement(s); and
- express their interest to organisations they identify as potential delivery partners.

Stage two – individual sub-project application process

- liaise with the relevant delivery partners to express an interest in participating in the program; and
- provide information to the delivery partner as required to complete the sub-project plan and any information relating to due diligence assessment requirements.

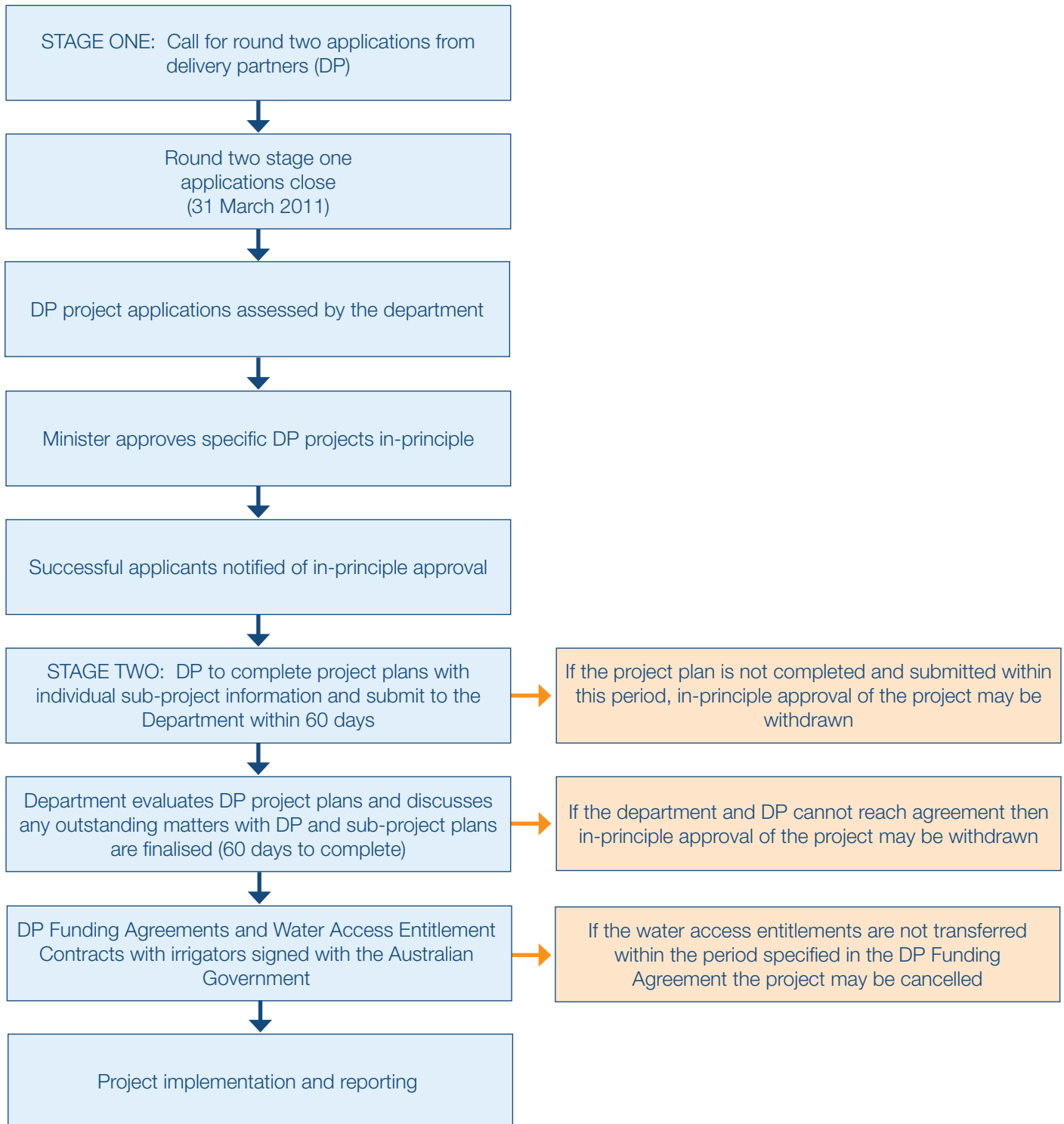
Project implementation

- work with the delivery partner to implement the sub-project on their property consistent with the Works Agreement they have with the delivery partner.

Sustainable Rural Water Use and Infrastructure Program

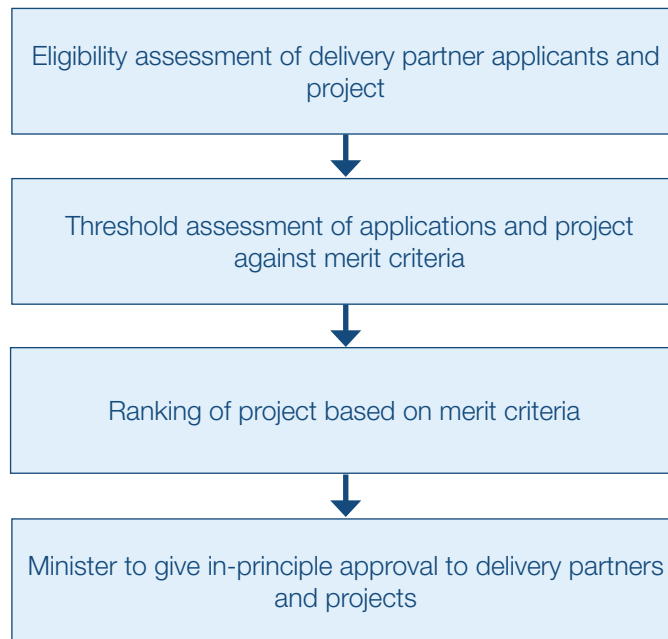
GUIDELINES FOR THE ON-FARM IRRIGATION EFFICIENCY PROGRAM

ATTACHMENT C: Application and decision process

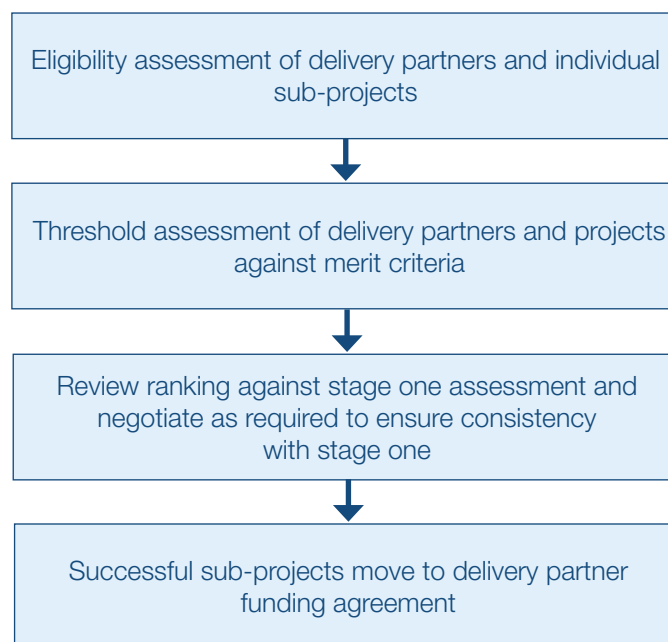


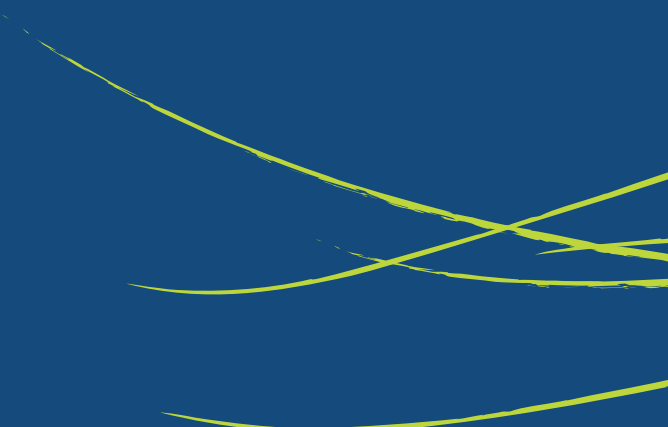
ATTACHMENT D: Assessment process

Stage one assessment - application form



Stage two assessment - project plan



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On-Farm Irrigation Efficiency Program
Department of Sustainability, Environment, Water, Population and Communities
GPO Box 787
CANBERRA ACT 2601

www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html