

National Urban Water and Desalination Plan: IMPLEMENTATION GUIDELINES

Attachment B – Explanatory Notes for Application Preparation

Project Summary

Title of proposed project.

Description of project, including:

- Aim and objectives of the project, and how these contribute to the aim of the National Urban Water and Desalination Plan;
- Activities to be undertaken, including location(s);
- Status of the project proposal i.e. conceptual, detailed design, approvals in place and ready to commence, commenced. Identify what activities are required before on-ground works can commence; and
- Proposed start and finish dates.

Applicant details, including:

- Name and contact details of organisation responsible for managing the project;
- Contact officer for day to day communication relating to the project proposal;
- Details of the consortium partners (if applicable);
- Who will have responsibility for implementing the project (e.g. in-house, consortium members, contractors, etc); and
- Who is the legally constituted entity that will be the lead proponent? The lead proponent will be the entity with whom the Department will enter into an agreement should the proposal be approved).

Budget summary, (both GST inclusive and exclusive amounts should be shown), including:

- Total cost of the project and project elements;
- Funding amount sought from the National Urban Water and Desalination Plan, and
- Co-contributions i.e. identify the funding amounts to be provided by all financial contributors.

Compliance with Australian and state/territory legislation,

Identify any relevant legislation, including the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act)¹ and native title legislation² and indicate what steps have been taken to ensure compliance.

Consultation: Identify the stakeholders in the project. Explain consultation processes entered into and the outcomes. Explain what consultation and communication activities will be required and will take place as part of the project.

Proposals should show that adequate consultation has or will be undertaken to ensure that there is good public understanding and awareness and whether there is broad community acceptance of the proposal. To ensure good community consultation applicants should include a strategy for facilitating communication with communities through the life of the project. This may include provisions for gaining or improving community acceptance of the project.

Project summary checklist:

- Title of proposed project
- Description of project
- Applicant details
- Budget summary
- Compliance with Australian and state/territory legislation
- Consultation

1 EPBC Act: The applicant is responsible for referring a proposed project to the Australian Government Environment Minister if the project is likely to have a significant impact on a matter of national environmental significance. The EPBC Act currently identifies seven matters of national environmental significance:

- World Heritage properties
- National Heritage places
- Ramsar wetlands of international significance
- Listed threatened species and ecological communities
- Listed migratory species
- Commonwealth marine areas, and
- Nuclear actions (including uranium mining)

2 Native title legislation: If the project involves significant on-ground activity, applicants will need to check with state or territory authorities to ensure that their project complies with state or territory and Australian Government native title, cultural heritage or related legislation. For native title issues applicants should refer to the National Native Title Tribunal Registry for their assistance through their website www.nntt.gov.au or by contacting **08 9268 7272**.

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Eligibility criteria

The Proponent must:

- 1. be a body incorporated in Australia, including a statutory corporation, a body corporate, or a corporation sole (project proposals submitted by consortia will be considered only if they identify a lead proponent with whom the funding agreement is to be entered);**
 - Provide the information demonstrating the corporate status of your organisation/participating entities in Australia.
 - Outline the project management structures: roles and responsibilities of each participating entity; and nominate a lead proponent.
- 2. accept the terms and conditions of the standard funding agreement (at Attachment A);**
 - Indicate your acceptance of the standard agreement.
- 3. demonstrate the ability to deliver the proposed project outputs and outcomes, on time and within budget; and**
 - Provide information demonstrating access to expertise and resources, track record, experience and capacity to deliver the proposed project.
- 4. be financially viable.**
 - Provide a copy of the last annual report, and other information to demonstrate the financial standing of the proponent and, in the case of consortia, the lead organisation and other participating entities.
 - Provide a statement in relation to the proponent(s) being compliant with their taxation responsibilities.

The Project must:

- 5. use desalination, and/or recycling and/or stormwater harvesting to make a significant contribution to water security;**

Provide description of the project, including a detailed outline of the method of securing additional water supply.
- 6. provide water to cities that have a population of at least 50,000;**

Provide location details and identify the population to benefit from the project.
- 7. be technically sound and able to deliver its outcomes with a high degree of certainty;**
 - Describe the technical/engineering approach.
 - Provide evidence to demonstrate that the project is technically viable, including where relevant:
 - details of technical assessments or studies;
 - information on performance, reliability, useful/replacement life, durability and flexibility of the infrastructure proposed; and
 - where new technical approaches are proposed provide information on existing approaches and why these are not supported, and relevant technical studies or analyses supporting the viability of the new approach.
 - Include a risk assessment and risk management strategy.
- 8. have eligible capital costs of at least \$30 million;**

Detail the value of the project and eligible capital costs. Eligible 'capital costs' are those capital costs directly associated with the project and exclude the cost of land.

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9. be financially viable once completed with no further call on governments for on going subsidies;

- Provide detailed budget and financial information for the project including amounts and GST. Breakdowns of the project to identify key elements and stages and their costs is recommended and may include: forecasted cash flow; annual and total expenditure of capital; cost of capital; operating and maintenance expenditure forecasts; and income generation e.g. pricing, demand projections etc. Include major assumptions underpinning any estimates made.
- This financial information should be to a level of detail suitable for presentation to a bank for the purpose of obtaining a loan. This financial information will include the sources of all funds for the project and may include, for example, a contribution from private sector investors, a local authority, a state government or loan finance.
- Details of all Australian Government and state or territory government derived funding assistance received, secured or applied for are to be provided.
- Identify for which components of the project funding received under the plan will be used.

10. be completed by 30 June 2014; and

- Provide details of the project work plan including:
 - sequence of activities and key project milestones, and
 - who is responsible for achieving each component, including on-going operation and asset management.
- Describe how progress in achieving the objectives of the project will be monitored.
- Describe how you will assess the longer term impacts of the project once it is completed and outline any post project review processes that might be required.

11. source 100 per cent of its energy needs from renewable sources or fully offset the carbon impact of the project's operations.

- Provide a description of how greenhouse gas emissions from the proposed project will be managed (e.g use of renewable energy sources, carbon offsets or a combination of both) over the life of the project.
- Indicate the annual energy consumption and greenhouse gas emissions produced or saved, from all sources (including energy used for transportation of water to metropolitan storages) as a result of the project.

Eligibility criteria checklist:

- A body incorporated in Australia
- Accept the terms and conditions
- Deliver the project outputs and outcomes on time and within budget
- Financially viable
- Use desalination, recycling, stormwater harvesting to contribute to water security
- Provide water to cities of population of at least 50,000
- Technically sound and deliver outcomes with certainty
- Capital costs of at least \$30 million
- Financially viable once completed with no ongoing subsidies from governments
- Completed by 30 June 2014
- Source 100% of energy needs from renewable sources or fully offset the carbon impact of its operations

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Merit Criteria

1. Level of contribution to enhancing water supply security within the targeted urban area

Provide information describing the project's contribution to enhancing water supply security within the targeted urban area. This information should include both contextual information and numerical information explaining the contribution of the project to water supply (in average years) and water security (in drought years). Numerical information should include, but is not limited to, the amount of additional water contributed to the supply as a direct result of the project, expressed as:

- volume (expressed as ML) and percentage of current annual consumption (average of past 10 years);
- a percentage of the estimated future average demand over the planning horizon (e.g. 25 years); and
- a percentage of the supply that the project would provide in drought years.:

2. Cost-effectiveness of the project

Projects must be an effective use of resources. Proposals must demonstrate that they represent an efficient investment in respect to their impact on water supply and water security matters.

Proposals should include cost-benefit analysis. This cost-benefit analysis differs from the financial analysis (criterion 9) in that it considers the costs and impacts to the whole of society rather than just the financial status of the project participants. Any assumptions made in preparing the cost-benefit analysis should be clearly documented. Projects are expected to show that they are financially capable of long-term operation without the need for ongoing subsidies. All proposals should provide detail of the extent to which revenue can be generated through cost recovery.

A key measure of cost-effectiveness is the levelised cost of water supplied as a result of the project, expressed in dollars per Megalitre or Kilotitre. Levelised costs must be included.

3. Cost-effectiveness of the Australian Government contribution

Proposals should clearly identify the additional benefit obtained from the Australian Government contributions. This information should include additional outcomes that result from funding under this plan, and may include, environmental and/or social benefits (e.g. use of renewable energy, reduction in the cost of water to end user, etc.).

4. Demonstrable evidence that the proposed project is a key strategic element of the preferred long term planning option

- Demonstrate that the project is a key strategic element of a preferred long-term strategy for water supply and security using an integrated water management plan (or equivalent) for the target area and any other supporting information as appropriate.
- Provide a copy of the integrated water management plan (or equivalent) for the targeted urban area.

5. Environmental benefits:

Describe the extent of environmental benefits and/or environmental best practice initiatives, including:

- measures to:
 - protect and/or restore biodiversity that might be affected by the project,
 - monitor, report and manage discharges of contaminants e.g. brine from desalination plants,
 - minimise environmental impacts relating to the intake of water.
- for projects that generate water savings for environmental flows how they intend to preserve and manage those flows over the long term;
- for projects that improve water quality the environmental benefits anticipated and how the water will be managed over the long term to achieve the anticipated benefits; and
- contributions to climate change adaptation strategies including stormwater management, and water sensitive urban design resulting from the project.

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To receive funding assistance for capital costs under the plan the proposed projects must gain all necessary approvals under environmental assessment and planning legislation and policies in the jurisdictions within which they are proposed. This includes the Environment Protection and Biodiversity Conservation Act (1999) and native title legislation.

Merit criteria checklist:

- Level of contribution to enhancing water supply security within targeted urban area
- Cost effectiveness of the project
- Cost effectiveness of the Australian Government contribution
- Evidence that a proposed project is a key strategic element of the preferred long term planning option
- Environmental benefits