



Australian Government

**Department of the Environment,
Water, Heritage and the Arts**

Water for the Future

**Sustainable Rural Water Use and
Infrastructure Program**

**Guidelines for Irrigation
Modernisation Planning
Assistance – Round 2**

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Purpose of the Guidelines

These Guidelines are designed to help applicants prepare an application for Irrigation Modernisation Planning Assistance ('Assistance') for projects located within the Murray Darling Basin under the Australian Government's *Sustainable Rural Water Use and Infrastructure program* of *Water for the Future*.

Italicised terms are defined in the Glossary on page 10 of these Guidelines.

We strongly recommend that all potential applicants contact the Department of the Environment, Water, Heritage and the Arts ('Department') to clarify any aspects of the Guidelines of which they are uncertain. However, the Department will not help, or provide funding for, an applicant to prepare an application.

These Guidelines provide an overview of the eligibility requirements for applicants. The Guidelines also set out the basis on which applications for assistance from irrigation water providers will be assessed. These Guidelines are not intended to present all of the terms and conditions that will govern the provision of Assistance. Applicants who are successful in the application process will be required to enter into a legally binding agreement with the Commonwealth of Australia ('Funding Agreement').

These Guidelines in their entirety form the criteria that will be used to assess applications for Irrigation Modernisation Planning Assistance. To be eligible for Assistance, applicants must be able to demonstrate that they fully comply with these Guidelines.

Guidelines do not create legally binding rights or obligations

Nothing in these Guidelines is intended to create legally binding rights or obligations. The Minister for Climate Change and Water ('Minister') may vary the processes or timing set out in these Guidelines, and will not be obliged to accept any application.

No guarantee of further funding

Please note that successfully obtaining Irrigation Modernisation Planning Assistance does not guarantee funding for on-ground infrastructure works under the *Sustainable Rural Water Use and Infrastructure program*, for which a separate application and assessment process may be undertaken.

Introduction

Water for the Future is a \$12.9 billion water investment program over ten years to secure long term water supply of all Australians. The *Sustainable Rural Water Use and Infrastructure program* will direct \$5.8 billion towards key rural 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.

Water for the Future will provide new impetus to the *National Water Initiative* and strengthen 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.

Irrigation Modernisation Planning Assistance Objectives

Modernisation plans are an important mechanism to ensure irrigation water providers consider their future business in a strategic, integrated manner.

Round 2 of Irrigation Modernisation Planning Assistance provides an opportunity for irrigation water providers who operate *irrigation distribution systems* within the Murray Darling Basin to obtain Assistance for the development of a modernisation plan. This funding is made available with the objective of assisting irrigation water providers to identify and consider the range of options available to increase the efficiency of their irrigation distribution system. It will help them address the Australian Government's four water priorities:

- taking action on climate change effects;
- using water wisely;
- improving water security; and
- supporting healthy rivers.

Who is Eligible?

To be eligible for Assistance, an applicant must:

- own or operate infrastructure within the Murray Darling Basin for the purpose of delivering water to other persons for the primary purpose of agricultural irrigation;
- be a legal entity capable of entering a *Funding Agreement* with the Commonwealth of Australia (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); and
- provide a 20 per cent cash co-contribution to the total cost of the modernisation planning exercise (Funding from State or other Commonwealth funding sources will not be considered as eligible co-contributions).

Recipients of funding under Round 1 of Irrigation Modernisation Planning Assistance are not eligible for funding under Round 2, unless the application applies to a distinctly different irrigation district.

What Assistance is Available?

This Assistance offers eligible applicants funding of up to \$500,000 to complete a modernisation plan.

Assistance is available for planning exercises to be completed within 12 months of entering into a *Funding Agreement*.

What is a Modernisation Plan?

The scope and detail of a modernisation plan will vary with the particular characteristics of the irrigation district to which it applies. It is expected however, that a modernisation plan will consider the issues affecting the irrigation district in a strategic, integrated manner and include consideration of:

- the structure and governance arrangements of the irrigation water provider, including:
 - consideration of annual turnover and the main sources of revenue and expenditure; and
 - the skills, experience and qualifications of the organisation's staff and executive.
- planned investment in existing irrigation assets in the irrigation district including supply infrastructure through upgrading, replacement or reconfiguration of the assets;
- customer base and relationships with other water users from the same water supply;

- existing irrigation infrastructure, efficiency of the irrigation distribution system, and opportunities for efficiency improvements;
- the future strategy for the irrigation water provider and the irrigation district in the short-term (to 2012) and long-term (to 2030), including:
 - the compatibility of agricultural activities undertaken with the biophysical characteristics of the irrigation district (including soil, climate, rainfall, biodiversity and salinity), and the likelihood for future changes in agricultural activities in the irrigation district;
 - consideration of on-farm irrigation practices (including on-farm water infrastructure) and the compatibility with the current irrigation distribution system infrastructure and any future plans;
 - consideration of options to close down or restructure components of the irrigation distribution system and possible changes to river operations and storages to improve delivery system efficiency;
 - the outcomes of stakeholder consultation, including irrigators and the wider community;
 - an examination of the strengths, weakness, opportunities and challenges of alternative irrigation approaches for the irrigation district (e.g. pressurised, or gravity fed systems); and
 - land use, water availability and climate change pressures, including urban growth as informed by the *CSIRO Murray-Darling Basin Sustainable Yields Project* or other relevant research.
- possible future projects that could be considered under the *Sustainable Rural Water Use and Infrastructure program* to support implementation of water savings measures identified through the modernisation planning exercise. Where future projects involve integrated water management investments covering irrigation water supply, storage and use.

The modernisation plan might also consider other issues of specific importance to the irrigation district.

What will be Funded?

Eligible applicants must use the total funding (the Australian Government and the organisation's cash contributions) to obtain independent professional expertise, and/or facilitate workshops to assist the organisation with the modernisation planning exercise. Only new advisory services provided to applicants will be eligible to receive funding.

The Department is willing to consider project management as an eligible activity. Claims to have internal project management costs recognised as eligible cash equivalent co-contribution, will be considered by the Department on a case-by-case basis. Organisations must provide evidence to support their claim.

Only modernisation planning exercises in irrigation districts within the Murray Darling Basin will be funded in this round.

What to Submit?

To apply for Irrigation Modernisation Planning Assistance, the applicant will need to submit an Application Form, which is available at www.environment.gov.au/water/programs.

The Application Form requires the applicant to provide:

- contact name and organisation details, including, legal and trading name;
- ABN;
- the scope of the modernisation planning exercise for which the funding will be used;

- how the modernisation planning exercise will be managed, including details and qualifications of the independent expertise that will be involved and the skills of staff involved;
- the budget and timeframe for the modernisation planning exercise (with completion being no later than 12 months after signing the Funding Agreement), together with progress milestones;
- the amount of funding sought (exclusive of GST);
- demonstration of a 20 per cent cash co-contribution of total project cost by the applicant (funding from State or other Commonwealth funding sources will not be considered as eligible co-contribution);
- details of the applicant's capability to administer the funding, including details of past experience managing Commonwealth grants;
- statement of compliance with conditions of the Funding Agreement with the Commonwealth of Australia, including governance and reporting requirements;
- an annual report or equivalent containing audited financial statements for 2006–07; and
- where already in place, a copy of the applicant's existing business plan, strategic plan or similar.

Assessment Criteria

Applications for Assistance will be assessed and evaluated on the basis of the information provided by the applicant in the Application Form, including the description of the modernisation planning exercise and where relevant, information contained in existing business or strategic plans.

Applications meeting the eligibility requirements outlined in the section of these Guidelines 'Who is Eligible', will be considered against the following criteria:

- contribution to achievement, and demonstrated understanding of, the Irrigation Modernisation Planning Assistance objectives;
- process and capacity to implement a project consistent with the requirements of a modernisation plan, as described in the section of these Guidelines 'What is a Modernisation Plan';
- the amount of funding sought by the applicant with regard to:
 - the scope and extent of the planning exercise described in the application;
 - the qualifications of independent experts sought to assist with the planning exercise; and
 - the potential benefit derived from the modernisation plan, including the volume of entitlement covered by the modernisation plan.
- willingness to participate in a water loss Hotspots assessment as part of the modernisation planning exercise; and
- willingness of the organisation's Board of Management or equivalent to endorse the modernisation plan and for it to form the basis of the organisation's future business planning.

Applicants should not assume that they will receive Irrigation Modernisation Planning Assistance on submitting an application. The Australian Government will determine whether an applicant satisfies the criteria as set out in these Guidelines and reserves the right to seek further information from the

applicant to verify their statements.

Closing Date

The closing date for funding applications is 4.00pm on 8 August 2008. Applications must be received before the closing date. Applicants should ensure that they allow enough time for delivery. Late or incomplete Application Forms and supporting documents may not be accepted. This decision will be at the discretion of the Department.

Submitting an Application

Where to obtain Application Forms

Application forms may be downloaded from the Department of the Environment, Water, Heritage and the Arts website at www.environment.gov.au/water/programs

Format of Application Forms to submit

Applicants are required to submit by the closing date:

- TWO UNBOUND ORIGINAL SIGNED hard copies of the application together with supporting documentation; and
- where possible, 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.

Please ensure applications are received by the closing date, allowing enough time for delivery. Applications may not be accepted after the closing date unless the Department requests or determines otherwise.

Where to submit Application Forms

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

Irrigation Modernisation Planning Assistance - Round 2
John Gorton Building
Department of the Environment, Water, Heritage and the Arts
King Edward Terrace
GPO Box 787
Parkes ACT 2601

Receipt of applications

The Department will acknowledge applications on their receipt.

The Assessment Process

Irrigation Modernisation Planning Assistance will be offered from 20 June 2008 until 8 August 2008. Applications must be made via the official Application Form, available at www.environment.gov.au/water/programs. Applicants should allow 6–8 weeks for the application to be assessed. The timeframe to complete the assessment will vary according to the complexity of the modernisation planning exercise proposed and the quality of the information provided in the Application Form.

All applicants will be contacted and advised of the outcome of their application and there will be a public announcement of applicants who have been successful in receiving Irrigation Modernisation

Planning Assistance. The Minister will make the final decision on all applications.

Further Information

For further information regarding Irrigation Modernisation Planning Assistance you can email WaterPlanEnquiries@environment.gov.au or call 1800 218 478. An officer from the Department will respond to your enquiry as soon as possible.

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

Before preparing and submitting an application, applicants should read the following information.

Taxation

Funding sought under Irrigation Modernisation Planning Assistance is Goods and Services Tax (GST) exclusive. The Australian Government will add 10 per cent to Assistance payments to cover any GST the recipient is required to remit to the Australian Taxation Office. The taxation requirements will be outlined in the Funding Agreement.

Applicants should consider the tax implications involved with receiving government funding and it is recommended that applicants seek advice on this matter from a qualified tax adviser. Applicants can contact the Australian Taxation Office Business Call Centre on Freecall 13 28 66.

Publicity and acknowledgement of Australian Government support

Applicants will be required to include appropriate branding and written acknowledgement of Irrigation Modernisation Planning Assistance and the Australian Government on publicity and written materials associated with the modernisation planning exercise. The Department may choose to work with successful applicants with respect to project communications.

Conflict of Interest

If there are any matters related to the business interests of persons directly involved with an application that may conflict with their role in the planning exercise, compromise or reflect poorly on the Commonwealth's decision to provide Assistance to the applicant, this should be brought to the Department's attention in the Application Form.

Freedom of information

Applicants are reminded that any application for Assistance is subject to the requirements of the *Freedom of Information Act 1982* (Commonwealth).

Funding Agreement

Once an application has been approved, the Department will enter into a legally binding Funding Agreement with each successful applicant to provide funding for the implementation of their planning exercise. 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/programs and will contain the standard terms and conditions, together with schedules that set out details of project specific matters, payment timetables, requirements for due recognition of all Australian Government funding contributions, reporting requirements and

other relevant matters as necessary.

Final approval of funding will be dependent upon the willingness of the applicant to accept the standard Funding Agreement. The Department will only negotiate variations to the standard terms and conditions of the Funding Agreement in exceptional circumstances. Applicants are required to indicate in their Application Form any clause/sub-clause/paragraph/subparagraph of the Funding Agreement in respect of which they 'do not comply' or 'partially comply'.

Irrigation Modernisation Planning Assistance cannot be paid to a successful applicant until it and the Commonwealth have signed a Funding Agreement. 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

The Department and the applicant will develop an agreed schedule of payments as part of the Funding Agreement. The amount of each payment will also be determined in this schedule and will be tied to project milestones. Successful applicants must submit a tax invoice to the Department to receive a payment for each milestone that is completed to the Department's satisfaction.

Assistance payments will generally be made by progress instalments. Provision can be made for payments to be made in advance where this is shown to be necessary.

Bank accounts

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

Reporting and monitoring

Successful applicants will be required to submit an audited financial statement for funds paid under the Funding Agreement and a final report to the Department within 30 days of completion of the modernisation planning exercise.

Treatment of Information Provided to the Department

Once the assessment process is finalised, an application for Assistance may continue to be used by the Department for development of future Sustainable Rural Water Use and Infrastructure programs.

Privacy

Any personal information, which may include contact details, the content of an application and information about applicants or potential applicants, that is collected by the Department in the assessment process will be managed according to the *Privacy Act 1988* (Commonwealth).

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 Commonwealth, 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 the legitimate interests of the Commonwealth;
- 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.

Announcement of successful projects

The Minister publicly announces the successful applicants of Irrigation Modernisation Planning Assistance. This is done through a media release that states the successful applicant's name, the contact officer's name and telephone number, a project summary (as provided by the applicant in its Application Form) and the amount of Assistance awarded for the project. Applicants should clearly identify any confidential information contained in their project summaries. The Applicant will also be sent a formal letter of offer.

Glossary

CSIRO Murray-Darling Basin Sustainable Yields Project	Research to provide a robust estimate of water availability in the Murray Darling Basin on an individual catchment and aquifer basis, taking into account climate change and other risks. Further information on the Project is available on the internet at www.environment.gov.au/water/mdb/yields.html . Project methods are described at www.csiro.au/resources/pf103.html
Department	The Australian Government Department of the Environment, Water, Heritage and the Arts.
Funding Agreement	Legal contract to be executed between the Commonwealth of Australia and any successful applicant. The Funding Agreement can be found at www.environment.gov.au/water/programs/
Hotspots assessment	A hotspots assessment is a process to benchmark the distribution efficiency of an irrigation distribution system. It identifies and quantifies losses through: evaporation; seepage; leakage; and, operational losses. The Australian Government is working with CSIRO to develop a standardised hotspot assessment methodology. Information regarding this methodology will be made available as soon as is practicable.
Irrigation District	Means the irrigation area serviced by infrastructure under the control of an individual irrigation water provider (for example, an irrigation corporation, cooperative, trust or water authority).
Irrigation Distribution System	A distribution supply infrastructure network which is used to convey water either under gravity or pressurised, from a source, typically a regulated river system, through customer service points to customer properties (National Water Commission, 2007, National Performance Framework).
Irrigation Water Provider	Means an organisation that owns or operates infrastructure for the purpose of delivering water to other persons for the primary purpose of irrigation.
Minister	The Commonwealth Minister for Climate Change and Water.
National Water Initiative	An intergovernmental agreement on water reform created in June 2004, available at www.coag.gov.au/meetings/250604/index.htm#nwi .
Sustainable Rural Water Use and Infrastructure Program	The component of the Water for the Future that provides \$5.8 billion in investments for improving the efficiency and productivity of water use and management.
Water for the Future	The Australian Government strategy to secure the long term water supply of all Australians.