

PROJECT AGREEMENT FOR LINDENOW VALLEY WATER SECURITY SCHEME

An agreement between:

- the **Commonwealth of Australia**; and
- the **State of Victoria**

The output of this project will be to provide grants to eligible Irrigators within the Lindenow Valley of East Gippsland Victoria, for the construction of on-farm water storage facilities or bores and pumping facilities, to increase water security and improve resilience to drought.

Project Agreement for Lindenow Valley Water Security Scheme

OVERVIEW

1. This Project Agreement (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.

Purpose

2. This Agreement will support the delivery of grants to eligible Irrigators within the Lindenow Valley of East Gippsland Victoria, for the construction of on-farm water storage facilities, or bores and pumping facilities, to increase water security and improve resilience to drought.

Reporting Arrangements

3. The State of Victoria will report against the agreed milestones during the operation of this Agreement, as set out in this Agreement at Part 4 – Project Milestones, Reporting and Payments.

Financial Arrangements

4. The Commonwealth will provide an estimated total financial contribution to the State of Victoria of up to \$10 million, exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

5. This agreement, together with Schedule A, constitutes the entire agreement for this project.

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of Victoria (Victoria).

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Victoria sign it and will expire on 30 June 2023 or on completion of the project, including final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by the Parties.

PART 2 – PROJECT OUTPUT

Output

8. To provide funding to eligible Irrigators within the Lindenow Valley of East Gippsland Victoria, for the construction of on-farm water storage facilities, or bores and pumping facilities, to increase water security and improve resilience to drought. Guidance on eligible project activities is at Schedule A.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

9. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the Lindenow Valley Water Security Scheme under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (b) providing a financial contribution to Victoria to support the implementation of this Agreement.

Role of Victoria

10. The State will be responsible for all aspects of delivering on the project outputs set out in this Agreement.
11. The State will be responsible for reviewing and approving applications in line with the scheme eligibility and guidelines

Shared roles

12. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA FFR, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under this Agreement, and that the roles of both Parties will be acknowledged and recognised appropriately.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

13. Achievement of the outputs of this Agreement will be assessed against the milestones outlined in Table 2. The Commonwealth will make payments subject to a performance report demonstrating the relevant milestone has been met.
14. If a milestone is met in advance of the due date, where the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated payment earlier than scheduled provided it falls within the same financial year as the original milestone date.
15. Table 2 summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made. The Commonwealth will make payments as frequently as on a monthly basis subject to Victoria demonstrating that the relevant milestone has been met.

16. The Commonwealth will notify Victoria within 7 days of the report being submitted by Victoria that the milestone has been met and payment is intended to be made.

Table 2: Milestones, reporting and payment summary

Output	Performance milestone	Report due	Payment
Lindenow Valley Irrigators design and construct new water security infrastructure to further enhance ability to withstand the impact of drought	<i>Milestone 1</i> Commencement of the Lindenow Valley Water Security Scheme in accordance with this Project Agreement	15 January 2020	\$1 million
	<i>Milestone 2</i> Report on the progress of the delivery of the Lindenow Valley Water Security Scheme in accordance with this Project Agreement based on the total of grants approved to eligible applicants from the commencement of the Lindenow Valley Water Security Scheme.	1 May 2020 or earlier. Subsequent reports provided as required (e.g. monthly)	The value of administrative costs and grants approved to date up to \$10.0 million less all previous payments

Reporting arrangements

17. Victoria will provide the scheme guidelines as evidence that the scheme has commenced in accordance with Table 2 during the operation of the Agreement.
18. Victoria will provide performance reports in accordance with Table 2 during the operation of the Agreement. Each performance report is to contain a description of:
- total applications received
 - applications approved
 - total funding disbursed
 - activities funded
 - location of activities
 - total funds remaining
19. Each performance report is to include information on any issues that could adversely impact the delivery of the scheme and Victoria's proposal for managing or resolving outstanding matters.

PART 5 – FINANCIAL ARRANGEMENTS

20. The Commonwealth will provide an estimated total financial contribution to Victoria for the project of up to \$10 million in respect of this Agreement. The project will be finalised upon submission of a completion report and return of any unspent funds. All payments are GST exclusive.

21. The Commonwealth's funding contribution will not be reduced where Victoria secure funding from other activity partners.
22. The Commonwealth's estimated financial contributions to the operation of this Agreement, including through National Partnership payments to Victoria paid in accordance with *Schedule D — Payment Arrangements* of the IGA FFR, are shown in Table 1.

Table 1: Estimated financial contributions

(\$ million)	2019-20	Total
Estimated total budget	10.0	10.0

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

23. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

Variation of the Agreement

24. The Agreement may be amended at any time by agreement in writing by all the Parties.
25. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all Parties in writing.

Delegations

26. The Commonwealth Minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

27. Any Party may give notice to other Parties of a dispute under this Agreement.
28. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
29. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.


Interpretation

30. For the purposes of this Agreement:
 - (a) Eligible irrigators within the Lindenow Valley of East Gippsland, Victoria are applicants who operate as a farm enterprise and will undertake infrastructure projects for access to Mitchell River flows or to utilise groundwater under a licence to take and use water under section 51 of the *Water Act 1989 (Vic)*. Further guidance is at Schedule A.
 - (b) Grants will be 50 per cent of the costs incurred by irrigators, up to a maximum total grant of \$2 million per farming enterprise, for eligible activities undertaken after the announcement on 10 April 2019.

- (c) Additional costs above the approved application value shall be recognised and co-funded by the Commonwealth up to the maximum grant of \$2 million, provided the costs are eligible activities in accordance with the scheme guidelines, and funds are available up to the maximum funds available.

The Parties have confirmed their commitment to this agreement as follows:

Signed for and on behalf of the Commonwealth
of Australia by

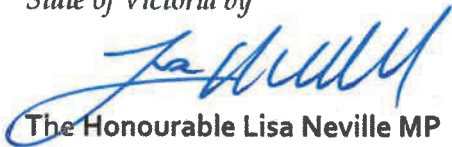


The Honourable Michael McCormack MP
Deputy Prime Minister and Minister for
Infrastructure, Transport and Regional
Development

[Day] [Month] [Year]

19/12/19

Signed for and on behalf of the
State of Victoria by



The Honourable Lisa Neville MP
Minister for Water

[Day] [Month] [Year]

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Project Eligibility

PROJECT AGREEMENT FOR THE LINDENOW VALLEY WATER SECURITY SCHEME

PART 1: PRELIMINARIES

31. This Schedule to the Project Agreement for Lindenow Valley Water Security Scheme should be read in conjunction with that Agreement. The Schedule has been developed in accordance with clause 11 of the Agreement.

PART 2: FORMALITIES

32. This Schedule will commence as soon as it is agreed between the Commonwealth and Victoria and expire on 30 June 2023 or on completion of the project, including final performance reporting and processing of final payments against milestones.

PART 3: DELIVERY OF THE LINDENOW VALLEY WATER SECURITY SCHEME IN VICTORIA

33. Under this Schedule, Victoria agrees to deliver the Lindenow Valley Water Security Scheme to irrigators within the Lindenow Valley of East Gippsland, Victoria that have commenced their farming operation in the Lindenow Valley prior to 10 April 2019. The Commonwealth will provide funding of up to \$10 million over the life of the agreement.
34. In providing grants to irrigators within the Lindenow Valley of East Gippsland, Victoria must be satisfied that the grant recipient has demonstrated that they are undertaking water infrastructure projects for access to Mitchell River flows or to utilise groundwater under a licence to take and use water under section 51 of the *Water Act 1989 (Vic)*.

PART 4: PROJECT ELIGIBILITY CRITERIA

Guidance to Victoria on eligibility for Commonwealth funding under the Lindenow Valley Water Security Scheme:

- i. Victoria may deliver these grants through a Victorian Government Statutory Authority. The Authority can deduct up to 10 per cent of the total financial contribution for administrative costs but a minimum administration cost of \$600,000. The Authority should put adequate governance arrangements in place for oversight of these grants including:
 1. application and assessment processes, such as:
 - a. developing criteria and application templates prior to commencement;
 - b. seeking expressions of interest from applicants that describe their projects;

- c. completing initial assessments against the scheme criteria, including confirmation that the required water is available within current caps and limits and advising applicants of next steps;
 - d. (if approved following initial assessment) requesting applicants provide a whole farm plan describing projects, benefits, costs and timeframes;
 - e. assessing applications against eligibility criteria including regional economic and employment benefits generated by projects;
 - f. entering into contracts with applicants for funds to be delivered progressively over the course of construction; and
 - g. requesting milestone, completion and audit reports from applicants as required.
- ii. Eligible applicants must:
 - 1. be irrigators within the Lindenow Valley of East Gippsland, Victoria; and
 - 2. have commenced their farming operation in the Lindenow Valley prior to 10 April 2019.
- iii. Water infrastructure projects must be constructed for access to Mitchell River flows or to utilise groundwater under a licence to take and use water under section 51 of the *Water Act 1989 (Vic)*.
- iv. Water infrastructure projects must not have received funding under other government assistance and grant programs including the On Farm Emergency Water Infrastructure Rebate.
- v. Water storage infrastructure works must be commenced and completed after the scheme announcement date of 10 April 2019.
- vi. Eligibility for the grant applies to;
 - 1. the costs associated with the planning, design and construction of; directly for water transfer to storage facilities and mains back to farm distribution point:
 - a. on-farm water storage;
 - b. bore construction; and
 - c. water supply pipelines and pumping infrastructure.
 - 2. the applicant:
 - a. submitting a farm management plan that describes the proposal and benefits in the context of the farm business;
 - b. being a property owner undertaking, or proposing to undertake irrigation on agricultural land;
 - c. having a property located in the Lindenow Valley and immediate surrounds;

- d. holding a licence to take and use water under section 51 of the *Water Act 1989 (Vic)* for the Mitchell River Catchment or provides evidence of a licence to take and use water under section 51 of the *Water Act 1989 (Vic)* prior to constructing any infrastructure;
 - e. holding a ground water licence in the Lindenow Valley or provides evidence of a ground water licence prior to constructing any infrastructure;
 - f. being a primary producer and registered as such with the Australian Taxation Office; and
 - g. having all planning and licence approvals sufficient for the full utilisation of the infrastructure proposed, prior to submitting an application.
- 3. eligible works and water infrastructure include;
 - a. water storage – dam;
 - b. design and planning permits as required;
 - c. drilling of new bores able to produce a sustainable yield for irrigation purposes and associated power supply;
 - d. water supply pipelines for transfer of water to the storage facility and back to the farm mains distribution point; and
 - e. water pumps for the transfer of water to, and from, the storage facility.
- 4. ineligible works and water infrastructure include;
 - a. desilting works of existing water storage facilities;
 - b. small scale water storage;
 - c. irrigation delivery infrastructure such as sprinklers, centre pivots etc;
 - d. purchase of water;
 - e. interest payments or fees associated with loans or debt relating to the project;
 - f. ongoing costs associated with irrigation infrastructure and licences; and
 - g. infrastructure installed prior to 10 April 2019.