

Off-farm Efficiency Program: State-led South Australia Marion Water Efficiency Project

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth South Australia
Duration	This Schedule is expected to expire on 30 June 2024.
Purpose	<p>The Commonwealth is providing funding to support South Australia’s delivery of the Marion Water Efficiency Project.</p> <p>Through this project, South Australia will substitute the River Murray water used for open space irrigation in metropolitan Adelaide with treated stormwater from an existing scheme at Oaklands Park by:</p> <ul style="list-style-type: none"> • extending the existing supply network of pipe to transport recycled stormwater to the irrigation sites; • installing a new tank, aquifer injection system and recovery bore for additional above and below ground storage; • installing new pumps to meet pressure requirements; and • implementing water treatment facilities to ensure water is of sufficient quality to meet future demands. <p>The infrastructure improvements will result in greater water-use efficiency. This includes water savings of 143.49 ML of River Murray entitlement with 100 percent of the savings to be transferred to the Commonwealth: the current Long-Term Average Annual Yield (LTAAY) being 126.56 ML/y. By delivering the project, South Australia will also increase diversification of the water supply mix for greening and cooling through increased stormwater use, and reduce impacts on the near-shore marine environment through reduced stormwater discharge.</p> <p>This schedule is approved on the basis that the project and activities identified satisfy s86AD of the Water for the Environment Special Account (in Pt 2AA of the <i>Water Act 2007</i>).</p> <p>South Australia has confirmed that the project is exempted from the Murray-Darling Basin Ministerial Council’s socio-economic assessment agreed in December 2018, however a high-level socio-economic assessment has been completed and South Australia was satisfied that the Project has neutral or positive socio-economic outcomes.</p>

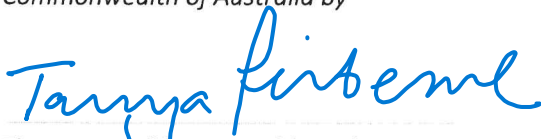
<p>Estimated financial contributions</p>	<p>The Commonwealth will provide an estimated total financial contribution to South Australia of \$2.703 million (GST exclusive) in respect of this Schedule.</p> <p>Table 1: Estimated financial contributions</p> <table border="1"> <thead> <tr> <th>(\$ million)</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>0.000</td> <td>4.655</td> <td>0.000</td> <td>4.655</td> </tr> <tr> <td>Less Estimated Commonwealth Contributions</td> <td>0.000</td> <td>2.703</td> <td>0.000</td> <td>2.703</td> </tr> <tr> <td>Balance of State Contributions</td> <td>0.000</td> <td>1.952</td> <td>0.000</td> <td>1.952</td> </tr> </tbody> </table>	(\$ million)	2021-22	2022-23	2023-24	Total	Estimated total budget	0.000	4.655	0.000	4.655	Less Estimated Commonwealth Contributions	0.000	2.703	0.000	2.703	Balance of State Contributions	0.000	1.952	0.000	1.952
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<p>Additional terms</p>	<p>Funding</p> <p>Total funding from the Commonwealth to South Australia under this Schedule will be up to the maximum amount of \$2.703 million with any project costs above this amount met by South Australia.</p> <p>South Australia will provide interim reports as per the milestones in Table 2 and a final report that includes a financial report containing a statement of payments and receipts in respect of the project. The final report must be certified by a person undertaking the role of Chief Financial Officer of the Organisation (or a comparable role) and include a statement that the financial accounts are true and fair.</p> <p>The final report, including final financial reporting, must be provided within six months of the expiry of this schedule or within six months of practical completion of the project (whichever comes first).</p> <p>Project terms</p> <p>South Australia will be responsible for ensuring that, for the purposes of certifying practical completion, the project will:</p> <ul style="list-style-type: none"> (a) Be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that South Australia cannot reasonably fix, or by fixing, will significantly inconvenience users of the works; (b) Not cause any legal or physical impediment to the use of occupation of the property and the works for the designated use; and (c) Be fit for the designated use. <p>South Australia will, where there is a shortfall between the actual water saved as a result of the project activities and the total agreed water savings in this schedule, make up this shortfall and ensure the 143.49 ML/y of high security water entitlements are transferred to the Commonwealth before 30 June 2024.</p>																				

Table 2: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment
Milestone 1 - Project preliminaries <ul style="list-style-type: none"> • Progress Report 1 including: <ul style="list-style-type: none"> ○ Progress and timing for the engagement of the project director and associated project management resources ○ Project systems and processes ○ Commonwealth-State governance arrangements ○ Project management plan, risk plan and plan/progress toward achieving project approvals and permits for start conditions 	Within 30 days of execution of this schedule.	\$200,000
Milestone 2 <ul style="list-style-type: none"> • Progress Report 2 including: <ul style="list-style-type: none"> ○ Interim financial report to date ○ Progress against the project management plan – including statistics on the status of procurements (number, value, status) and status of all on ground works (planned, commencing, underway, completed) ○ Workplace Health and Safety outcomes and responses; risks management and treatments ○ Stakeholder Engagement Report ○ Governance report (number of meetings, major discussions, risk) 	14 November 2022	\$1,800,000
Milestone 3 <ul style="list-style-type: none"> • Progress Report 3 including: <ul style="list-style-type: none"> ○ Interim financial report to date ○ On ground works completed and verified-cumulative construction outcomes including; <ul style="list-style-type: none"> ▪ pipe laid to transport recycled stormwater to the irrigation sites; ▪ new tank, aquifer injection system and recovery bore for above and below ground storage; ▪ new pumps to meet pressure requirements; and ▪ appropriate water treatment facilities. ○ Confirmation of any outstanding works and project activities still to be completed for practical completion ○ Draft Final Project Report describing achievements, scope changes, stakeholder engagement, risks, water savings verification assessment, confirmation of all water transfers, and independent financial audits. 	30 April 2023	\$703,000

<ul style="list-style-type: none"> • Evidence of transfer of 143.49 ML (126.56 ML LTAAY) South Australia high security water entitlements to the Commonwealth. • Lessons learned reporting. 		
<p>Milestone 4 - Final Report</p> <ul style="list-style-type: none"> • Final report including: <ul style="list-style-type: none"> ○ Certified financial report. ○ Stakeholder engagement summary and significant interactions. ○ On ground works completed and verified - final cumulative construction outcomes including; <ul style="list-style-type: none"> ▪ pipe laid to transport recycled stormwater to the irrigation sites; ▪ new tank, aquifer injection system and recovery bore for above and below ground storage; ▪ new pumps to meet pressure requirements; and ▪ appropriate water treatment facilities. ○ Project changes and/or modifications including unfinished works or activities. ○ Summary of work, health and safety and/or other incidents impacting the project and outcomes. ○ Confirmation of all water transfers. 	<p>Within six months of the expiry of this schedule or within six months of practical completion of the project (whichever comes first)</p>	<p>N/A</p>

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

Signed for and on behalf of the
Commonwealth of Australia by



The Honourable Tanya Plibersek MP
Minister for the Environment and Water

Date: 25 / 7 / 22

Signed for and on behalf of the
State of South Australia by



The Honourable Susan Close
Minister for Climate, Environment and
Water

Date: 12 / 7 / 22