

National Water Grid Fund

FEDERATION FUNDING AGREEMENT – INFRASTRUCTURE

Table 1: Formalities and operation of schedule	
Parties	Commonwealth New South Wales Victoria Queensland Western Australia South Australia Tasmania Northern Territory Australian Capital Territory
Duration	This Schedule will commence as soon as the Commonwealth and one other Party sign it and will expire on 30 June 2031.
Purpose	<p>This Schedule will support the development and delivery of nationally important water infrastructure projects that provide safe and reliable water for regional and remote communities, generate public benefit through productive water use and build resilience while protecting the environment and cultural heritage.</p> <p>In entering into this Schedule, the Commonwealth and the States and Territories (the States) recognise they have a mutual interest in improving outcomes through national water infrastructure development and need to work together to achieve those outcomes.</p>
Related Documents	This Schedule must also be read in conjunction with the National Water Grid Investment Framework (the Investment Framework), the Program Administration Manual for the National Water Grid Fund, the Indigenous Employment and Supplier-Use Water Infrastructure Framework, and the National Water Grid Authority's Science Strategy.
Estimated financial contributions	<p>Details of the Commonwealth and the States' estimated financial contributions to the operation of this Schedule are set out in the tables below and the relevant appendices to this Schedule.</p> <p>State funding contributions may include contributions from third parties including local governments and other non-government organisations.</p> <p>Commonwealth contributions will be provided upon the achievement of agreed project milestones by the relevant State.</p>

<p>Funding arrangements</p>	<p><i>Capital works</i></p> <p>The Commonwealth may offer a combination of funding and finance of up to 50 per cent of the project's total capital costs for delivery. Where the Commonwealth deems a project to be transformational in nature or where a specific policy need has been identified, the Commonwealth may, at its sole discretion, offer more than 50 per cent funding for an eligible project.</p> <p><i>Development funding</i></p> <p>The Commonwealth will seek a financial co-contribution for all project proposals. However, the Commonwealth may agree to provide up to 100 per cent of funds for elements of business case development and science projects, at its discretion.</p> <p><i>Project cost savings</i></p> <p>Where projects are delivered for less than the agreed estimated costs, States should work with the Commonwealth to agree a reallocation of the remaining Commonwealth contribution to other water infrastructure projects within their jurisdiction, consistent with the principles of the Framework and the objectives of this Schedule.</p>
<p>Project milestones</p>	<p>The States will deliver the water infrastructure projects set out in this Schedule and its Appendices, based on project milestones which have been jointly agreed and which may, by written agreement, be varied by the relevant parties from time to time.</p>
<p>Commonwealth Funding Recognition</p>	<p>In addition to the requirements set out in clause 21 of the Federation Funding Agreement for Infrastructure, States agree to:</p> <ul style="list-style-type: none"> (a) recognise the Commonwealth's funding contribution to projects in all publications, promotional and advertising materials, including project signage, and public announcements and activities in relation to a project as appropriate, and must consult the Commonwealth prior to release of all promotional-related materials concerning projects funded through this Schedule; (b) provide reasonable opportunity for the Commonwealth to contribute to developing communications strategies for projects with a Commonwealth funding contribution; (c) provide the Commonwealth with equal access to products that they obtain for use in the development of promotional material including but not limited to project data, footage and images; and (d) where the Commonwealth is a majority funder of a project, promotional material and public recognition should provide major prominence to the Commonwealth's contribution, with the Parties to agree the content and timing.
<p>Variations and Delegations</p>	<p>Senior Commonwealth and State Officials are authorised to make non-material changes to project milestones as set out in the Appendices to this Schedule, as agreed in writing by both parties, having due regard to financial and policy risks.</p>

Table 6A: South Australia – Projects and payment summary			
Outputs (Projects)	Project scope	Total Commonwealth contribution	Total non-Commonwealth contribution
New Water Infrastructure to Barossa Detailed Business Case (Completed)	<p>The Detailed Business Case will investigate the viability of delivering new water supply to Barossa and Eden Valleys that addresses industry demand from the wine, livestock, and horticulture sectors. New water sources would provide security from declining rainfall, surface water and underground water availability.</p> <p>The proposed project aims to provide secure, climate independent and new water infrastructure, support growth and productivity to the broader region for primary industries, and help meet long term market demand.</p> <p>The Business Case will consider infrastructure options to treat, transfer, and distribute high-quality recycled water that is able to complement other water sources and supplies and to bring long-term water security and certainty to the region.</p>	\$3,500,000	\$1,550,000
Eden Valley Raw Water Scheme Preliminary Business Case (Completed)	<p>The Preliminary Business Case will include technical investigations to support the proposed construction of approximately 53km of new large capacity water supply pipelines, pump stations and storage that would provide access to 3.2GL per annum of irrigation quality water for Eden Valley. If constructed, the project would aim to provide opportunity for access to a new source of water for approximately 20,000ha.</p>	\$1,000,000	\$130,000*
Clare Valley Water Supply Preliminary Business Case (Completed)	<p>The Preliminary Business Case will include investigations into a proposed 45-50km pipeline and a new pump station to deliver up to 4GL per annum from the Bundaleer reservoir to the Clare Valley region. If constructed, the project would aim to promote growth and increase annual grape yields from an average of 20,000-25,000 tonnes per year to 30,000 tonnes by 2030.</p>	\$800,000	\$0

SA Connections Funding Pathway Package	<p>Construction of the following projects:</p> <ul style="list-style-type: none"> • Waikerie Irrigated Agricultural Water Access and Security project • Greenway's Irrigation Trust – Increasing Water Availability, Reliability and Efficiency • Recycled Water Pipeline to Nairne – Stage 1 • Regional Recharge Farms • Pogona Barbata – Water for High-Tech Horticulture • Barossa Wine Grape Water Source Diversification • Improving Water Deliverability and Accessibility in the Lower Murray Reclaimed Irrigation Area. 	\$14,069,070	\$49,304,900
Northern Water Supply Detailed Business Case	<p>The Detailed Business Case will investigate a range of sustainable water delivery options with the aim to reduce reliance on finite groundwater sources as well as the River Murray and preserve impacts on ecosystems, fauna and flora and indigenous cultural assets reliant on these natural resources. This project also aims to activate a global copper province and support broader economic development in the region.</p> <p>The Detailed Business Case will develop a financial model that estimates the net financial performance of the preferred option including investment required; undertake technical investigations; manage environmental approvals; develop a stakeholder management plan; develop land access and approval plans; and develop the project's Governance Framework.</p>	\$5,000,000	\$10,000,000
McLaren Vale Irrigation Water Security Project	<p>The McLaren Vale Irrigation Water Security Project Detailed Business Case seeks to further increase the availability of recycled water for irrigation uses to the McLaren Vale and surrounding areas, which will also enhance the security of water in the region from the impacts of climate change.</p>	\$470,000	\$30,000*

*This is an in-kind contribution.

Table 6B: South Australia – Projects and payment summary – Science Projects

Outputs (Projects)	Project scope	Total Commonwealth contribution	Total non-Commonwealth contribution
<p>Further sustainable expansion of irrigated agriculture along the Northern Adelaide Corridor</p>	<p>Research trial over 3 years to address challenges of increasing agricultural expansion north of Adelaide (Mallala to Balaklava). Water volumes and quality will be identified and modelling done to assess its use for growing crops in the region.</p>	<p>\$1,120,000</p>	<p>\$480,000</p>
<p>Optimising the agricultural uses of varying water qualities in the Barossa Region</p>	<p>This 2 year project will address the challenge of matching water demand with volume and quality. A research report will be produced with advice on infrastructure required to store water (when it is not required) and blend (when the quality is not fit for purpose). Groundwater volumes and water quality within this region identified through the SA DEW groundwater assessment will inform agronomic modelling to assess the sustainability of groundwater use for growing a range of crops on the region’s soil types.</p>	<p>\$280,000</p>	<p>\$120,000</p>
<p>Adaptation of the South-Eastern Drainage System under a changing climate</p>	<p>Research Report. This project focusses on adaptation of the drainage system (in the Limestone Coast Landscape Region) and the potential to retain and redirect water in the landscape to mitigate risks and build resilience to the benefit of multiple primary industries and the environment. There are five subprojects/tasks:</p> <ul style="list-style-type: none"> • Task 1: Quantifying the value of different water uses and future demands • Task 2: Current and future water availability • Task 3: Groundwater and wetland modelling • Task 4: Seawater intrusion risk • Task 5: Landscape feasibility analysis 	<p>\$1,500,000</p>	<p>\$500,000</p>

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Tanya Plibersek MP
Minister for the Environment and Water

4/5/2023

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



The Honourable Clare Scriven MP
Minister for Primary Industries and Regional Development

Susan Close
Minister for Climate, Environment
and Water

20/7/2023

National Water Grid Fund

FEDERATION FUNDING AGREEMENT – INFRASTRUCTURE

Table E1: Formalities and operation of schedule

Parties	Commonwealth South Australia
Purpose	This Appendix has been developed in accordance with the National Water Grid Fund Schedule (the Schedule), to set out the Commonwealth and South Australia’s estimated expenditure profile and performance milestones to support the operation of the Schedule.

Estimated financial contributions

Table E2					
(\$)	2021-22	2022-23	2023-24	2024-25	Total
Estimated total budget	47,992,915	33,691,055	7,280,000	890,000	89,853,970
Less estimated National Partnership Payments					
New Water Infrastructure to the Barossa	3,500,000	0	0	0	3,500,000
Eden Valley Raw Water Scheme Preliminary Business Case	1,000,000	0	0	0	1,000,000
Clare Valley Water Supply Preliminary Business Case	600,000	200,000	0	0	800,000
Connections Funding Pathway	5,000,000	4,069,070	5,000,000	0	14,069,070
Northern Water Supply Project	1,500,000	3,000,000	500,000	0	5,000,000
McLaren Vale Irrigation Water Security Project	120,000	350,000	0	0	470,000
Further sustainable expansion of irrigated agriculture along the Northern Adelaide Corridor	350,000	0	560,000	210,000	1,120,000
Optimising the agricultural uses of varying water qualities in the Barossa Region	70,000	0	210,000	0	280,000
Adaptation of the South-Eastern Drainage System under a changing climate	300,000	320,000	510,000	370,000	1,500,000
Balance of non-Commonwealth contributions	35,552,915	25,751,985	500,000	310,000	62,114,900

Table E3: South Australia - Performance requirements, reporting and payment summary			
Output (Project)	Performance milestones	Milestone due	Payment
New Water Infrastructure to the Barossa Detailed Business Case	Milestone 1 – Acceptance of Project Plan including key deliverables and timelines for the delivery of the Detailed Business Case.	30 September 2021	\$1,000,000
	Milestone 2 – Completion of draft Preliminary Summary Report of options analysis and detailed demand profile.	31 January 2022	\$2,000,000
	Milestone 3 – Acceptance by the Australian Government of the Detailed Business Case.	31 May 2022	\$500,000
Eden Valley Raw Water Scheme Preliminary Business Case	Milestone 1 – Acceptance of Project Plan including key deliverables and timelines for the delivery of the Preliminary Business Case.	31 December 2021	\$250,000
	Milestone 2 – Completion of draft Preliminary Business Case.	31 January 2022	\$500,000
	Milestone 3 – Acceptance by the Australian Government of the final Preliminary Business Case.	31 March 2022	\$250,000
Clare Valley Water Supply Preliminary Business Case	Milestone 1 – Acceptance of Project Plan including key deliverables and timelines for the delivery of the Preliminary Business Case.	31 December 2021	\$200,000
	Milestone 2 – Completion of draft Preliminary Business Case	31 May 2022	\$400,000
	Milestone 3 – Acceptance by the Australian Government of the final Preliminary Business Case.	31 July 2022	\$200,000
Connections Funding Pathway	Milestone 1 – Written confirmation of the details of the SA Connections Package, including: <ul style="list-style-type: none"> • Projects to be delivered • Expected costs of each project and confirmation of funding partner contributions • Construction timing for each project. 	31 October 2021	\$5,000,000

	<p>Milestone 2 – Submission and acceptance of a Progress Report detailing the status of delivery of the SA Connections Package, including:</p> <ul style="list-style-type: none"> • Current status of each project • Advice on any changes to construction timing • Advice on cost amendments (if any) for each project, including amendments to funding partner contributions • Challenges or issues in delivery of the package. 	30 May 2023	\$4,069,070
	<p>Milestone 3 – Submission and acceptance of a Post Completion Report, including confirmation that all projects have been completed and advice on final costs of each project in the package.</p>	30 April 2024	\$5,000,000
Northern Water Supply Detailed Business Case	<p>Milestone 1 – Acceptance of Project Plan including key deliverables and timelines for the delivery of the Detailed Business Case.</p>	31 March 2022	\$1,500,000
	<p>Milestone 2 – Completion of draft Detailed Business Case.</p>	30 April 2023	\$3,000,000
	<p>Milestone 3 – Acceptance by the Australian Government of the final Detailed Business Case.</p>	31 July 2023	\$500,000
McLaren Vale Irrigation Water Security Project	<p>Milestone 1 – Acceptance of Project Plan including key deliverables and timelines for the delivery of the Detailed Business Case.</p>	31 May 2022	\$120,000
	<p>Milestone 2 – Completion of draft Detailed Business Case.</p>	30 November 2022	\$300,000
	<p>Milestone 3 – Acceptance by the Australian Government of the final Detailed Business Case.</p>	31 March 2023	\$50,000

Table E4: South Australia - Performance requirements, reporting and payment summary – Science Projects			
Output (Project)	Performance milestones	Milestone due	Payment
Further sustainable expansion of irrigated agriculture along the Northern Adelaide Corridor	Milestone 1 – Delivery and acceptance of a Project Plan outlining the project.	31 March 2022	\$350,000
	Milestone 2 - Delivery and acceptance of a report including information on groundwater volume and quality assessed.	15 January 2024	\$280,000
	Milestone 3 - Delivery and acceptance of a report, including information on: <ul style="list-style-type: none"> • Agronomic modelling domain developed and optimised • Irrigation expansion on the receiving environment assessed • Longevity of water utilisation and mitigation strategies under current and future climate assessed. 	15 May 2024	\$280,000
	Milestone 4 - Delivery and acceptance of a final report, including information on: <ul style="list-style-type: none"> • Field component completed • Off farm desalination and low-cost energy options assessed and recommendations • Storage, brine disposal and infrastructure considerations developed. 	15 May 2025	\$210,000
Optimising the agricultural uses of varying water qualities in the Barossa Region	Milestone 1 - Delivery and acceptance of a Project Plan outlining the project.	31 March 2022	\$70,000
	Milestone 2 - Delivery and acceptance of the Interim Report, including information on: <ul style="list-style-type: none"> • Assessment of all water volumes, quality and current crop demand • Modelled data showing water volume and quality demand required by crops based on soil types in the Barossa and Eden Valley. 	15 January 2024	\$140,000
	Milestone 3 - Delivery and acceptance of the Final Report, including information as above plus economic analysis of options and infrastructure requirements.	15 May 2024	\$70,000

Adaptation of the South-Eastern Drainage System under a changing climate	Milestone 1 – Acceptance of the confirmed partnership and project management arrangements.	31 March 2022	\$300,000
	<ul style="list-style-type: none"> • Milestone 2 – Delivery and acceptance of a progress report on Task 4 – Seawater Intrusion Risk. 	31 March 2023	\$320,000
	<ul style="list-style-type: none"> • Milestone 3 – Delivery and acceptance of an interim report, including progress information for all Tasks 1 to 5, as listed in Table 6B of this Schedule. 	15 January 2024	\$510,000
	<ul style="list-style-type: none"> • Milestone 4 - Delivery and acceptance of an interim report, including progress information for Task 2, Task 3 and Task 4 as listed in Table 6B of this Schedule. 	15 January 2025	\$290,000
	<ul style="list-style-type: none"> • Milestone 5 - Delivery and acceptance of a final report for Tasks 1 to 5, as listed in Table 6B of this Schedule. 	15 May 2025	\$80,000