



Australian Government



National
Water Grid
Authority

PROGRAM ADMINISTRATION MANUAL

National Water Grid Fund

December 2021



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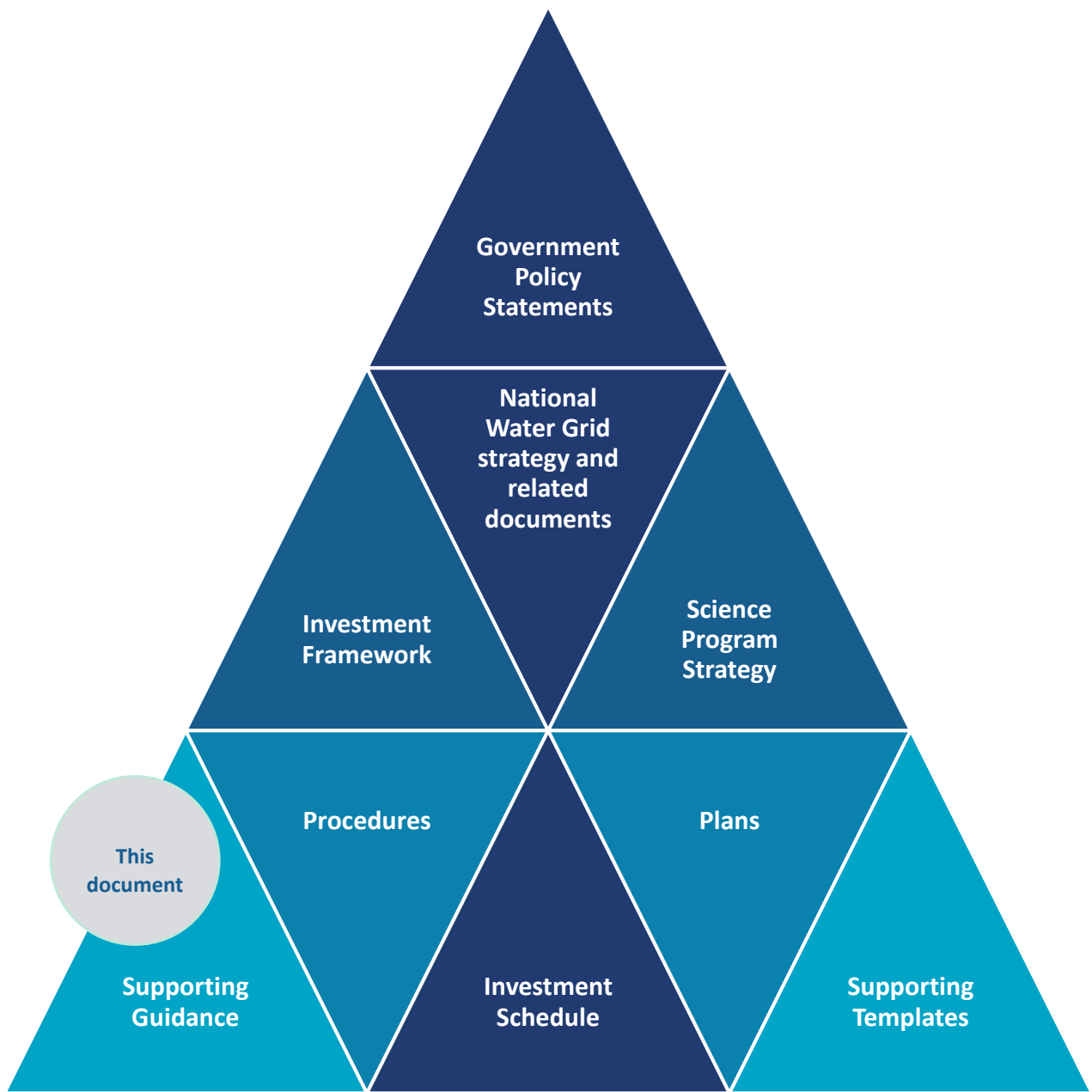
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1. Introduction

The National Water Grid Fund (NWGF) is the Australian Government’s primary vehicle for investment in nationally significant water infrastructure that will deliver benefits to the National Water Grid. Investments are underpinned by the National Water Grid Investment Framework. This Program Administration Manual operates to support the effective implementation of the Australian Government’s investments under the NWGF. It sets out the processes that State and Territory Governments, as funding recipients, are required to follow in proposing, delivering and acquitting projects under the NWGF.

1.1 Purpose of the Program Administration Manual

The purpose of this Program Administration Manual (the Manual) is to provide practical detail to support the administration and management of projects under the National Water Grid Fund (NWGF).

The Manual should be read in conjunction with the National Water Grid Investment Framework (the Investment Framework) and the relevant water infrastructure FFA Schedules under the Federation Funding Agreements on Infrastructure and Environment (FFA). Together, this suite of documents enables and supports the Australian Government’s investment in water infrastructure projects under the NWGF.

1.2 Scope of the Program Administration Manual

The Manual applies to all water infrastructure projects funded, or proposed to be funded, through the NWGF. This includes business case development projects as well as construction projects. The Manual does not apply to projects seeking funding under the National Water Grid Science Program.

The Manual sets out the administrative requirements for States and Territories (the States) in relation to:

- Project Proposal and Approval (Chapter 2) – the process for consideration of projects seeking approval of funding, including associated terms and conditions.
- Project Administration (Chapter 3) – the administrative processes that support ongoing project management, including reporting, payment and public recognition.
- Project Completion (Chapter 4) – the administrative requirements supporting project completion, closure and evaluation.

The National Water Grid Authority (the Authority) maintains the Manual and its related guidance notes and templates. It is anticipated the Manual will be updated on an as needed basis, in consultation with state and territory officials. This version of the Manual is current as at December 2021.

1.3 Definitions and Abbreviations

Term	Definition
Approved Funding	The funding approved for a project by the Minister, under the appropriate Schedule.
The Authority	The National Water Grid Authority
BCR	The Benefit Cost Ratio - ratio of the present value of economic benefits to the present value of economic costs of a proposed initiative.
The Department	The Department of Infrastructure, Transport, Regional Development and Communications
Federation Funding Agreement	The Federation Funding Agreements (FFA) between the Australian Government and the States for the delivery of water infrastructure projects.
Federation Funding Agreement Schedule	The Schedule of projects under the appropriate FFA with a committed Australian Government funding allocation and financial year allocations agreed between the Australian Government and States under the National Water Grid Fund.
Final Milestone	The point in time which the last payment of Approved Funding is scheduled
Milestone	A scheduled point in time at which the Proponent is expected to have accomplished agreed activities.
NWGF	The National Water Grid Fund, previously, the National Water Infrastructure Development Fund
Project	A project approved under the appropriate FFA Schedule
Proponent	A State or Territory that is the funding recipient of Australian Government funding under a Schedule and that delivers water infrastructure projects.
State (s)	All, or any, Australian States, the Australian Capital Territory and the Northern Territory.

2 Project Proposal and Approval

This section sets out the processes for proposing a project for funding under the NWGF, including project eligibility and approval processes.

2.1 Project Identification

To support the delivery of the Australian Government’s rolling 10-year water infrastructure program, the Authority will seek input from the States on project concepts to be included in a ‘forward outlook’ on water infrastructure planning and investment. This will generally occur twice yearly, around January and July, to inform Federal Budget planning processes. The forward outlook could include proposals that are ready to seek Australian Government funding, as well as those that require more development that a State wishes to have ‘on the radar’ for later consideration. Inclusion of a project in the forward outlook does not commit either the State or the Australian Government to funding a project. Nor does a project need to be included on the forward outlook in order for it to be brought forward for funding consideration.

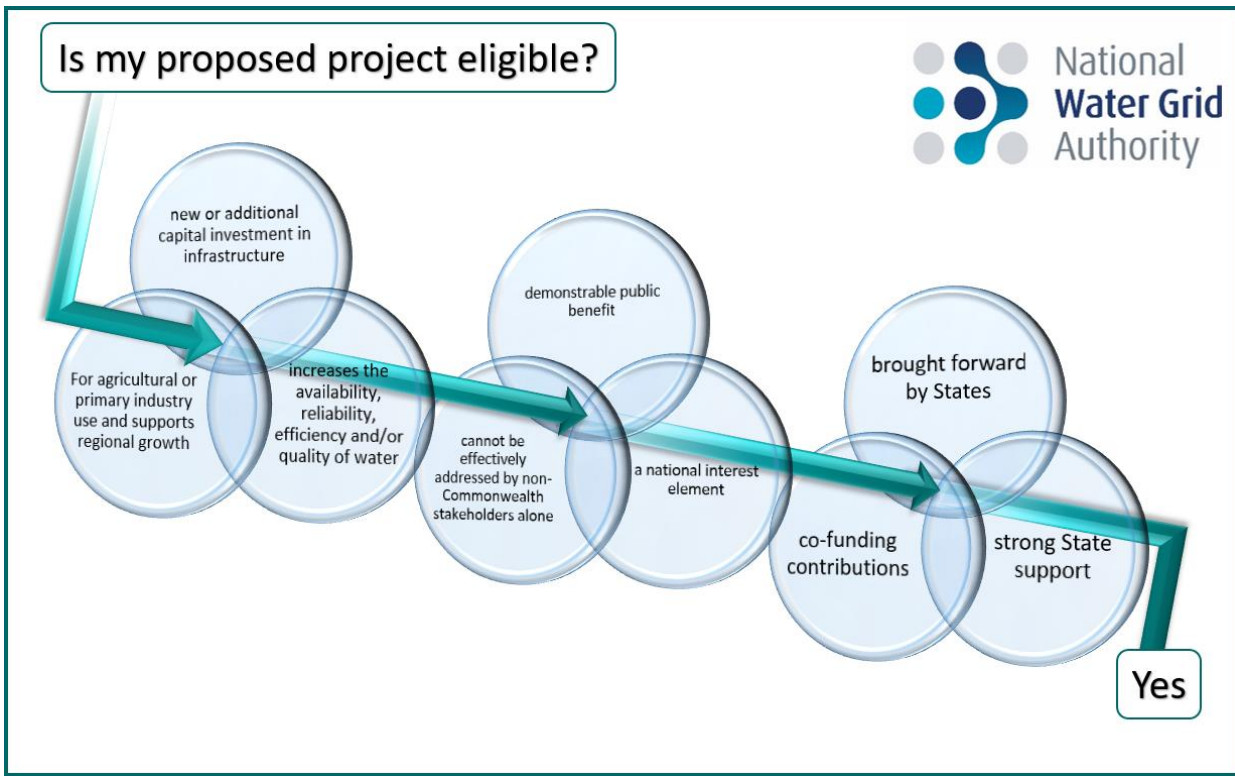
Project proposals can be submitted by a State (the proponent under the FFAs) at any time. Consideration of proposals and funding decisions by the Australian Government will generally occur twice yearly, in line with the Federal Budget cycle. However, the Australian Government may commit funding to a project at any time based on information it deems appropriate and at its sole discretion.

Early involvement in project identification and development is one of the key investment principles under the Investment Framework. Where a State is considering bringing forward a proposal for NWGF funding consideration, early engagement with the Authority is encouraged. As part of the project identification process, States will be expected to demonstrate that non-infrastructure solutions to an identified problem have been appropriately considered, prior to entering into discussions on a proposed infrastructure solution. A project proposal can be made at any one of three stages in the project’s development: Preliminary Business Case, Detailed Business Case, or Construction. This is illustrated below:

Preliminary Business Case Phase	Detailed Business Case Phase	Construction Phase
<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • A preferred option(s) has been identified through a feasibility study (or similar) and the project is ready to progress to business case development. • Phase Activity: <ul style="list-style-type: none"> • Refinement of project scope and rationale for intervention. • Preliminary assessment of costs and benefits. • Phase Output: <ul style="list-style-type: none"> • Completion of a Preliminary Business Case that can be used to assess the merits of proceeding further with the project. • Information at this Phase of project development is broad and indicative. 	<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • A Preliminary Business Case (or similar strategic assessment) has been completed. • Phase Activity: <ul style="list-style-type: none"> • Detailed evaluation of the preferred option and comprehensive analysis of all aspects of the project. Will include preparation of implementation documents, such as costings, procurement and risk management strategies. • Approvals processes underway. • Phase Output: <ul style="list-style-type: none"> • Completion of a Final Business Case that provides clear, comprehensive evidence for decision makers and can be used as a basis for informing a decision to proceed to construction. • The Final Business Case should be developed in a manner that would allow assessment by Infrastructure Australia, in line with the IA Assessment Framework (mandatory for proposals seeking \$250 million or more in Australian Government funding). 	<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • The Final Business Case has been completed and the project is investment ready. • Major approvals identified and timing confirmed (approvals necessary to commence should be obtained or in process). • Phase Activity: <ul style="list-style-type: none"> • Construction of the full scope of the project. • Phase Output: <ul style="list-style-type: none"> • Project is completed and operational.

2.2 Project Eligibility

The eligibility criteria for a project seeking funding under the NWGF are set out in the Investment Framework and shown below.



The following guidance supports the practical consideration of the eligibility criteria and must be read in conjunction with the Investment Framework.

- ✓ **Criterion 1: Propose new or additional capital investment in infrastructure that increases the availability, reliability, efficiency and/or quality of water for the benefit of agriculture and primary industries and to support regional economic growth**

Meaning that the proposed project:

- Is a capital investment in infrastructure that is an efficient and effective option, substantiated in a planning and/or feasibility process.
- Will add to water supply and accessibility.
- Will deliver one or more of the primary objectives for investment in water infrastructure:
 - Support primary industries and unlock potential.
 - Promote the growth and sustainability of regional economies.
 - Build resilience.

- ✓ **Criterion 2: Provide a demonstrable public benefit with a national interest element that cannot be effectively addressed by private proponents, states or territories or other stakeholders alone.**

Meaning that the proposed project:

- Will deliver demonstrable public benefit.
 - Demonstrable – supported by evidence, quantified where possible, and substantiated through independent findings.
 - Public benefit – provide outcomes that will benefit regions and the nation as a whole.
- Will provide a clear contribution to the Australian Government’s plan for a National Water Grid.
- Will primarily address non-urban water supply or availability, either directly and/or indirectly.
- Is reliant on co-investment from the Australian Government to proceed.

✓ **Criterion 3: Be brought forward by a state or territory and have strong state or territory support, including securing funding contributions.**

Meaning that:

- Under the *Federal Financial Relations Act*, projects must be delivered through a partnership between the Australian Government and a state or territory. States and territories are the only entities eligible to receive funding. They are the applicant and proponent for a proposed project (there may be co-proponent involved in the delivery of a project).
- The state or territory has committed to develop, manage and deliver the project and demonstrated strong support (for example references to the project in public documents, complementary investment by the state or territory government). This also includes demonstrating that funding contributions have been secured, including, where appropriate, through a government financial commitment in a budget process.
- The Australian Government's contribution is capped at 50 per cent of the project's total capital costs for delivery (including associated management fees). More than 50 per cent funding may be available towards business case development where there is a demonstrated need.

In addition to demonstrating alignment to the eligibility criteria, project proposals should also provide key information and details, including the project's environmental, social and economic costs and benefits, fit with water resource plans, consideration of appropriate funding and financing arrangements and alignment with the National Water Initiative principles.

2.2.1 What types of projects will the Australian Government fund?

The Australian Government, in partnership with the States, will consider investing in any project that meets the eligibility criteria. The States are encouraged to develop innovative solutions to problems and to work with the Authority in the development of proposals.

NWGF funding is not available for on-farm initiatives, urban water storage and distribution systems (without benefit to primary industry or regional development), or maintenance and refurbishment projects without a betterment element. Projects that supply water for the exclusive use of a private business or individual are ineligible.

Eligible projects could include:

- dams, weirs, pipelines and other projects that facilitate the movement of water;
- desalination plants;
- recycling plants;
- groundwater storage;
- managed aquifer recharge; and
- irrigation district modernisation or expansion.

Projects may include supporting infrastructure, be either new construction projects or modifications to existing projects (such as the raising of a weir wall) and be either stand-alone or consist of a number of smaller projects with a common theme or goal. The Australian Government will also consider funding part of a larger project where the element for which funding is sought represents an eligible project. The key eligibility criteria is that a project must support the development of the National Water Grid.

Funding will be prioritised for eligible projects that best align with the investment principles, meet the needs of the National Water Grid and deliver the highest net benefit. The Australian Government will consider all eligible projects regardless of their scale and cost and there are no caps on the number of projects that will be considered in any one state or territory, within the available funding envelope.

2.2.2 How can a project benefit the National Water Grid?

The Australian Government's objectives for its investment in the National Water Grid are outlined in the Investment Framework and are set out below. The Authority assesses a proposed project's contribution to the National Water Grid against how a project contributes to one or more of these objectives.

1. Supporting primary industries and unlocking potential – improving water access and security for agricultural and industrial use will support regional economic growth, development, and open up new opportunities.

2. Promoting growth and sustainability of regional economies – increasing water supply certainty for farmers, businesses, primary industries and regional communities will encourage long-term planning and investment and help ensure that access to reliable water sources is not a limiting factor to regional economic growth.

3. Building resilience – strengthening the National Water Grid will capture and store water so it is more readily available in regions when it is needed during droughts and in response to changing climate patterns.

These objectives are the overarching themes for the Australian Government's investment. In practice, projects can contribute to these objectives and benefit the National Water Grid by making Australia's water supplies more reliable and secure, helping regional areas respond to the effects of climate change; by improving management of water resources into the future, supporting growing demands for water, including in the agriculture sector and primary industries; and by strengthening natural water systems and building infrastructure so that water can be accessed when and where it is needed.

The follow list outlines an indicative, but not exhaustive, range of benefits that may accrue from investments through the NWGF. National Water Grid projects may:

- Support increased productivity and capability in industries and communities.
- Build business confidence and in turn encourage business investment.
- Promote regional development, economic growth and sustainability.
- Encourage long-term planning and investment and increase flexibility for farmers and regional businesses reliant on water supply certainty.
- Deliver strong social outcomes and improve the lives of first Australians.
- Support partnerships between the Australian and state and territory governments and improve information and resource sharing.
- Align with wider national reforms, such as indigenous employment and supplier use participation.
- Reflect the National Water Initiative principles.
- Deliver positive lasting environmental outcomes.
- Improve water use efficiency and sustainability, including improving connections between resources and users to ensure water is available where and when it is needed most.
- Improve drought and climate resilience.

This list is intended to be a guide to the type of benefits that are expected and should be used to demonstrate the overall economic, social and environmental benefits of a project. Proposed projects are not expected to deliver positive outcomes against all the areas of benefit on this list. The Authority expects that the benefits delivered by projects would be proportional to the scope and cost.

A Benefit Cost Ratio (BCR) must be provided for all construction project proposals. BCRs must be provided using a discount rate of 4% and 7% for both the P50 and P90 cost estimate for the project. States should use a 30 year appraisal period for the central case, but additional evaluation periods may also be included to support analysis of proposals over their full lifecycle. States should refer to Infrastructure Australia's 'Guide to Economic Appraisal' for further information on undertaking Cost Benefit Analyses. Projects that have a low BCR will need to demonstrate the value of benefits not incorporated into the BCR and other mitigating

factors, such as economic, social and environmental. Benefit claims should be supported by evidence and quantified, where possible.

The Investment Framework also details seven investment principles that will underpin investment decisions. The investment principles are broader than just benefits, also covering processes, circumstances, outcomes and appropriateness of investment. All project proposals should demonstrate alignment to the principles.

2.3 Project Approval Process

The project approval process is the process by which information is provided to the Authority to facilitate the assessment of project proposals against the Investment Framework and funding recommendations to the Australian Government. The Authority will work collaboratively with States throughout the process, in line with the guidance set out in the following sections.



2.3.1 Stage 1: Proposal Submission

States seeking funding under the NWGF are required to submit a project proposal to the Authority, in the relevant template and with all required supporting documentation. State support for the proposals must also be provided, in the form of official correspondence from the relevant State Minister to the Commonwealth Minister. In submitting project proposals, the State warrants that it is in a position to secure the relevant co-funding and deliver the project in line with FFA requirements, should the project be approved by the Australian Government.

There are two formats for the project proposals:

- Short form template (under \$5 million) (Appendix A) – for construction projects seeking \$5 million or less from the Australian Government. This template can also be used for business case proposals, but only where the State would ultimately be seeking \$5 million or less for the construction phase of the project in future (under a separate application following completion of the business case).
- Standard template (over \$5 million) (Appendix B) – for all projects, regardless of the project phase, where an Australian Government contribution of more than \$5 million is sought. This template is separated into component parts for the relevant project phase for which funding is sought.

Project development activities required to progress a project to a construction investment decision, including but not limited to approvals, are considered to be part of the detailed business case phase of a project. The States should use the guidance and templates for the detailed business case phase in seeking funding for these activities.

The templates include information on mandatory inclusions and attachments. Proposals submitted without mandatory information will not be considered by the Authority until this information has been formally submitted.

States are encouraged to engage early with the Authority and to provide drafts or extracts of a project proposal for early feedback as to eligibility and alignment with objectives. The Authority will endeavour to provide written feedback within three business days of receipt of a draft proposal.

2.3.2 Stage 2: Proposal Assessment

The information provided in project proposals is assessed by the Authority to guide its recommendations to the Australian Government on merits and risks. The Authority assesses proposed projects against the Investment Framework to ensure eligibility and alignment with its objectives. The Authority considers a range of factors when assessing a project proposal, centred around a proposal's strategic fit, impact and deliverability (set out below).

The Authority's assessment approach:

Strategic Fit NWGA Objectives	<ul style="list-style-type: none">• Eligibility Criteria• Alignment with objectives• Benefit to the Grid• Solution justification• Strong State support
Impact Business case	<ul style="list-style-type: none">• Productivity• Environment• Sustainability• Resilience• Investment Framework principles
Deliverability Risk assessment	<ul style="list-style-type: none">• Ease of implementation• Capability and capacity• Governance• Risk• Lessons learned from previous projects

The Authority's assessment approach also ensures that its project assessments do not duplicate processes that are undertaken elsewhere by government, such as by Infrastructure Australia (IA) or by the States, while also ensuring that proper due diligence is completed to confirm that a project will be a proper use of Australian Government funds. The Authority's assessment process focuses on an economic appraisal of the cost and benefits, however, it also considers non-economic benefits that contribute to the objectives for the National Water Grid.

For all construction proposals seeking more than \$5 million in Australian Government funding, the States must submit detailed costings and the Authority will undertake a review of this information, which may include evaluation by independent consultants. Evaluation by independent consultants will occur for all proposals seeking more than \$100 million in Australian Government construction funding. The States are expected to work constructively with the Authority through these processes, including providing additional documentation as may be required by the Authority or its consultants to fulfil proper due diligence of cost estimates.

Construction proposals seeking more than \$250 million of Australian Government funding must also be assessed by IA. IA's evaluation will inform the Authority's assessment.

2.3.3 Stage 3: Funding Recommendation

The Authority will develop a project funding recommendation based on the information provided in a project proposal and the Authority's assessment of this information. Funding recommendations will generally be put to the Australian Government for consideration in the Federal Budget and MYEFO contexts. A final investment decision is subject to the Australian Government's consideration.

2.3.4 Stage 4: Notification of Outcomes

States will be notified of the Australian Government's investment decision through formal correspondence. Timing of announcements for the approved projects are generally aligned with the Federal Budget and MYEFO cycles, but may be made at any time subject to Australian Government funding decisions and at the Australian Government's sole discretion.

Following the notification of project proposal outcomes, the Authority will work with the States in progressing the approval by including the project(s) in a schedule under the appropriate FFA. Where projects are unsuccessful for NWGF funding, the Authority will provide formal feedback upon request.

2.4 Additional Australian Government requirements

2.4.1 Infrastructure Australia

All construction projects seeking more than \$5 million must be supported by a detailed business case. Detailed business cases should be developed having regard to Infrastructure Australia's Assessment Framework, which reflects best practice.

It is mandatory for all construction proposals seeking Australian Government funding of \$250 million or more to have the detailed business case assessed by IA. Project developers will be required to submit their detailed business case and supporting documents to IA and should work cooperatively through this process. IA's assessment forms part of the Authority's proposal assessment process.

2.4.2 Indigenous Participation Plans

The Australian Government, and the Authority, is committed to improving Indigenous economic development by increasing Indigenous employment opportunities and supporting the Indigenous business community.

This *Indigenous Employment and Supplier-Use Water Infrastructure Framework* (**Appendix C**) aims to increase Indigenous employment and supplier-use in the delivery of water infrastructure projects funded or co-funded by the Australian Government.

The Framework applies to construction projects receiving \$7.5 million or more in Australian Government contributions under the NWGF and in some circumstances for projects below \$7.5 million with strong potential to support Indigenous participation. The Framework only applies to projects tendered on or after 1 July 2021.

For applicable projects, the States, as funding recipients under the NWGF, are to develop Indigenous Participation Plans (IPP). The IPP template is at **Appendix D**. IPPs should set out the anticipated opportunities for Indigenous participations, including specific targets for Indigenous employment and supplier-use in the delivery of projects.

States are to submit an IPP to the Authority following formal advice that a project proposal has been approved for the construction phase, and prior to a project being publicly tendered. The Authority will work closely with the States to maintain and update IPPs throughout the life of a project, as required.

2.4.3 Local and Australian Industry Participation Plans

Proponents must develop a Local Industry Participation Plan, consistent with Australia's international trade commitments, for any project that has an Australian Government funding contribution of \$20 million or more. If States do not have a Local Industry Participation policy in place, the Australian Government's Australian Industry Participation Plan should be used.

Australian Industry Participation requirements ensure full, fair and reasonable opportunity for Australian industry to compete for work.

More information about Australian Industry Participation requirements can be found at www.industry.gov.au/aip.

3 Project Administration

This section sets out the administration processes and requirements for managing projects receiving funding through the NWGF.

3.1 Project Governance

The appropriate project governance arrangements will be considered on a project by project basis and agreed between the Authority and the relevant State government at the outset of a project, and may include steering committees, project specific agreements, and joint business case teams.

3.1.1 Working groups and steering committees

Where a State establishes project governance arrangements, such as working groups, steering committees or project boards, the Australian Government will be given the opportunity to participate. There will also be flexibility for the Authority and the States to request structured meetings, outside of normal reporting, to allow for discussion of sensitivities or risks for specific projects when necessary. The role of Australian Government representation on steering committees and project boards will be discussed and agreed between the Australian Government and the relevant State on a case by case basis at the commencement of the project and at agreed intervals throughout the project's lifecycle.

3.1.2 Business Cases

Where the Australian Government is providing funding for business cases, the States are to provide draft and subsequent final business cases in a timely, transparent and comprehensive manner. The Australian Government can also request a consultative role in business case development on a case-by-case basis that must be agreed by the Australian Government and the relevant State at the outset of a project.

It is the Authority's expectation that States should endeavour to publicly release business cases funded (or partly-funded) through the NWGF, having appropriate regard to commercially sensitive content.

3.2 Reporting

The Authority requires up-to-date information on all projects that the Australian Government is funding.

Reporting will be fit-for-purpose and adaptable to reflect the nature of a project. Financial commitments and project risks will be taken into account to help determine the level of the Authority's engagement and frequency of engagement. Reporting may include:

- Milestone reporting where the States submit milestone reports to demonstrate the completion of agreed milestones set out in the FFA Schedules (refer 3.6 Claims for Payment).
- Project Completion Reports (refer 4.1 Project Completion).
- Monthly teleconferences between the Authority and each State to monitor project progress and upcoming milestones.
- Biannual Deep Dives between the Authority and the States to receive more detailed project information.
- Working Groups and/or Bilateral Committees to oversee delivery of the project.
- One off project specific meeting(s).
- Requests for project information from the Authority as necessary.

The States are also responsible for providing ad hoc project updates on issues that will, or could potentially, affect the agreed project scope, schedule or budget. These updates should be provided as soon as practicable after an issue becomes known.

3.3 Project Variation

The Australian Government recognises that there may be a need from time to time to vary some of the projects as set out in the Schedules as projects are further developed and refined, or in response to circumstances that may potentially affect the scope, cost (and respective funding contributions) and expected timelines of projects (project variation process set out below).

All significant variations to a project as described in the Schedules, including those that affect scope, cost, or respective funding contributions, must be agreed by the Commonwealth and relevant State minister prior to the change and will require formal amendment to the Schedule. A formal request for variation must be submitted to the responsible Commonwealth Minister or Authority with supporting information. States should discuss the potential variation with the Authority at the earliest possible instance as the nature of the variation will determine the type and amount of supporting information required and how the variation request should be submitted. The Department may seek to review and validate cost estimates used to justify any request for changes to the amount of either approved or committed funding.

For projects included under the National Water Grid Fund Schedule to the Federation Funding Agreement – Infrastructure, Senior Commonwealth and State officials are authorised to make non-material changes to project milestones set out in the Appendices to the Schedule, as agreed in writing by both parties, having due regard to financial and policy risks.

This delegation extends to the following milestone variations:

- Amending or clarifying the wording of project milestones, where there is no material impact on a project's scope;
- Dividing milestones (as long as no milestone components are removed);
- Amending the milestone due dates (within the initially agreed financial year funding); and
- Amending the milestone payment amounts (within the initially agreed financial year funding and without any change to overall funding commitments to a project).

This delegation under the FFA Schedule does not extend to variations where there will be material changes to project milestones, such as moving funding across financial years or significantly altering a project. In these circumstances the variation will need to be agreed by the relevant Commonwealth and State ministers.

For projects included under Schedules to the Federation Funding Agreement – Environment (the National Water Infrastructure Development Fund – Capital Component and National Water Infrastructure Development Fund – Feasibility Studies Component) all milestone variations must continue to be amended subject to agreement by the relevant Commonwealth and State Ministers.

3.4 Project Funding

Australian Government funding for projects administered under the FFA Schedules is provided to the States upon the achievement of milestones agreed bilaterally between the Australian Government and the States. These milestones, including relevant reporting dates and expected payment amounts, are set out in the FFA Schedules.

In the event of a project underspend, the relevant FFA Schedule sets out the processes that will apply:

- Projects fully funded by the Commonwealth and included under the *Project Agreement for the National Water Infrastructure Development Fund – Feasibility Component (2019-2025)*: the

Commonwealth contribution will not be reduced where the final cost is less than the initially agreed cost;

- Co-funded projects included under the *Project Agreement for the National Water Infrastructure Development Fund – Feasibility Component (2019-2025)* and all projects included under the *National Partnership for the National Water Infrastructure Development Fund – Capital Component*: the Commonwealth contribution may be reduced so that Commonwealth and non-Commonwealth funding is matching;
- Projects included under the *National Water Grid Fund Schedule to the Federation Funding Agreement – Infrastructure*: the Authority will work with the relevant state to agree to the reallocation of the savings to other water infrastructure projects within their jurisdiction consistent with the Investment Framework and principles of the FFA Schedule.

3.5 Milestone Development

The States must propose milestones when submitting a project proposal. The Australian Government will consider the proposed milestones in drafting milestones to be included in the Schedule.

Milestones for business cases should, where possible, be consistent with Table 1. Alternative or additional milestones may be proposed, or added by the Authority, having regard to the cost and complexity of a project. Milestones should not be proposed for June of any given financial year because any delays across a financial year will impact the Authority’s ability to process a timely payment.

Table 1: Preferred indicative milestones for business cases

Milestone	Date	Description	Payment Amount
1	Day Month Year	Acceptance of project plan including key deliverables and timelines for the delivery of the business Case.	
2	Day Month Year	Completion of draft business case.	
3	Day Month Year	Acceptance by the Australian Government of the final preliminary/detailed business case.	

There are no standard words for construction milestones, however, milestones must:

- be aligned to a project’s scope, as outlined in a project proposal;
- include all key project elements as deliverables;
- describe deliverables in clear terms to assist in reporting on milestone completion;
- reflect the completion of discrete project deliverables; and
- include a final milestone for the completion and acceptance by the Authority of a Project Completion Report as a deliverable (refer to 4.1 Post Completion).

The payment associated with milestones should reflect the cash flow needs of a project, as far as practicable. Where a project is co-funded, the Australian Government contributions should also align with non-Commonwealth contributions as far as practicable. There is no limit to the size of a payment that can be associated with a given milestone, provided the total of all project milestones does not exceed the total Australian Government commitment to the project in each financial year.

3.6 Claims for Payment

In order for the Australian Government to make a payment for a project milestone, the State must submit a formal request for payment with documentation that satisfactorily demonstrates all work associated with a

milestone has been completed. Documentation should be submitted to the Authority by the agreed milestone due date. If a milestone will not be met within the agreed timeframe, the State must inform the Authority of the delay and revised expected timeframe for delivery. Depending on the extent of the delays (and any flow on impacts), variation to the Schedule may be required.

A payment request must include:

- A formal letter from the State certifying that a milestone has been completed and requesting the associated payment be made. This letter must clearly state which milestone is being claimed, in line with the relevant Attachment to the Schedule.
- Sufficient supporting evidence to demonstrate that all deliverables within a milestone have been satisfactorily completed. Evidence can include, but is not limited to, formal signed declarations, planning approvals, project reports, approval documentation, contracts, certificates of completion, tender documents, photographs and maps of work.

The Authority may request additional advice or documentation to meet evidence requirements of the milestone.

The Authority is responsible for informing the States of payment approval and the expected payment timeframe. Payments will typically be made to State Treasuries in the month after a milestone claim for payment has been accepted by the Authority. Payment to any third parties separately contracted by a State for delivery of a project is a matter for the State.

3.7 Communications and Recognition

The Authority has developed Funding Acknowledgement Guidelines to support the States, and their delivery partners, in developing promotional material that appropriately recognises Australian Government funding for a project.

Physical signage incorporating the Australian Government crest and/or National Water Grid logo is only appropriate for projects where an Australian Government commitment to construction has been confirmed (i.e. no signage for business case projects).

In line with the requirements of the FFA Schedules, the Australian Government and the States must reach prior agreement on the nature and content of any events, announcements, promotional material or publicity relating to activities under the Agreement. The Australian Government and the States must also acknowledge and recognise appropriately the roles of both Parties in a project.

4 Project Completion

4.1 Post Completion

Once a construction project has reached physical completion it enters a post-completion period before the project is formally closed. During this period the State must prepare and submit to the Authority:

- a Project Completion Report (**Appendix E**); and
- a payment request for the final milestone.

During this period the Authority will undertake an initial evaluation of project outcomes including, reviewing costs and outstanding expenditure items, the performance of the asset against its objectives, and ensuring the Indigenous participation requirements have been addressed.

4.2 Project Closure

Upon acceptance of the Project Completion Report, a construction project is deemed to be closed.

For business case projects, project closure is considered to be the Authority's acceptance that all relevant milestones for a project have been completed.

Once closed, the States can no longer claim funding from the Australian Government for the project and are no longer required to provide regular reporting on the status of the project. Ad hoc requests for information on the project may still be requested by the Authority from time to time to assist in meeting broader reporting obligations.

4.3 Project Evaluation

The States agree to cooperate in the evaluation of construction projects to facilitate project performance reviews and continuous improvement of investment decision making.

The Authority may conduct an evaluation, to (among other things):

- determine the extent to which project outcomes have been achieved;
- review the accuracy of demand forecasts and cost estimates used to assess the project; and
- understand the benefits realised during construction and (where relevant) during the usage of the asset.

States may be required to provide information to assist in this evaluation for a period of time, as agreed.

If the States conduct an independent evaluation without involving the Authority, they must provide a copy of the evaluation report to the Authority.

Delivery and Evaluation Process:



5. Appendices

Appendix A	Water Infrastructure Proposal Template under \$5 Million	22
Appendix B	Water Infrastructure Proposal Template over \$5 Million	28
Appendix C	Indigenous Employment and Supplier-Use Water Infrastructure Framework	49
Appendix D	Indigenous Participation Plan	59
Appendix E	Project Completion Report	63

5.1 Appendix A – Water Infrastructure Proposal Template under \$5 Million



Australian Government



National
Water Grid
Authority

Infrastructure Project Proposal – Under \$5 million [Project Name]

[Month] [Year]

[Jurisdiction]

[Insert Project Picture Here]

SUBMITTING THIS PROPOSAL

Project proposals can only be submitted by state and territory governments. Please email the completed Project Proposal and relevant attachments to: projectproposals.nwga@infrastructure.gov.au, addressed to the CEO of the National Water Grid Authority. Letters of support for proposal(s) should be separately provided by the relevant State Minister to the Deputy Prime Minister, concurrently to your submission.

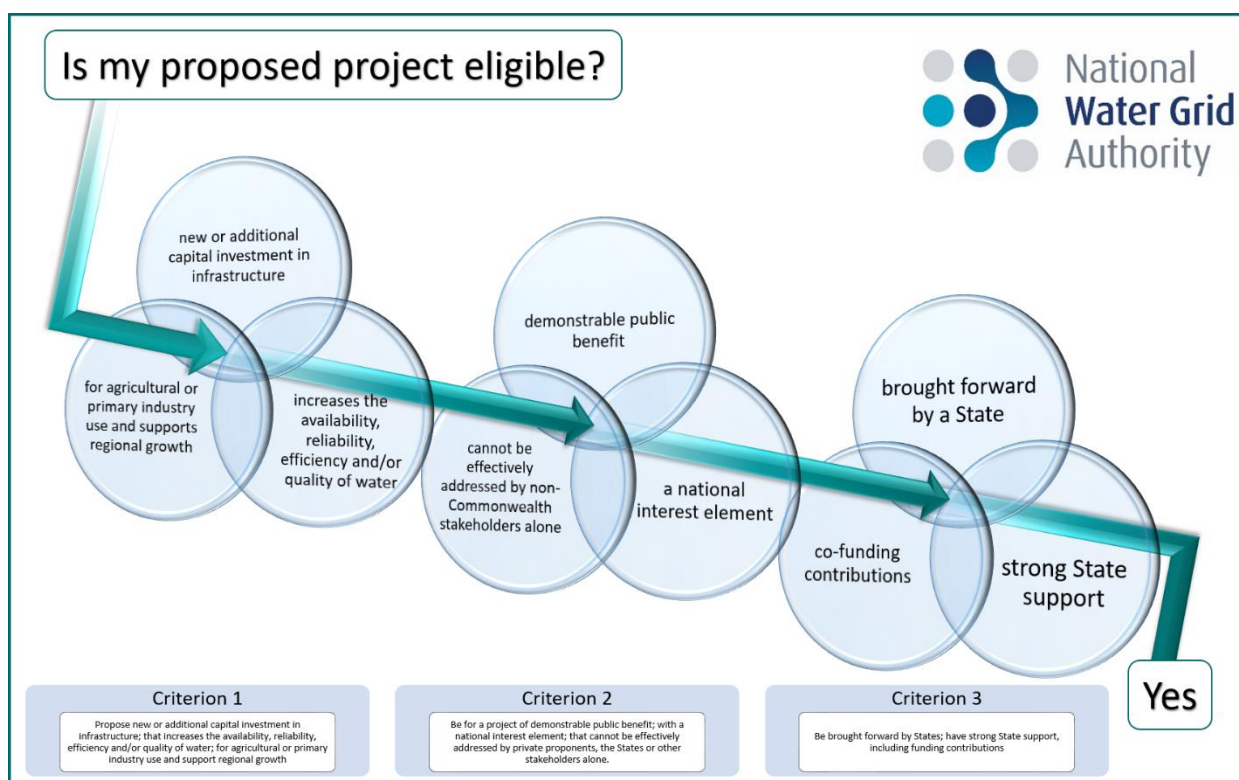
Guidance Notes

This Water Infrastructure Project Proposal template should be completed for:

- construction projects seeking no more than \$5 million from the Australian Government; or
- business case development proposals where the State will seek no more than \$5 million from the Australian Government for the construction phase of the project in future. Note any future Australian Government construction funding would be subject to further construction application and remain limited to 50 per cent of the total project cost.

The purpose of the Project Proposal is to set out the information required by the National Water Grid Authority (the Authority) to make informed recommendations to the Australian Government on the merits of investment in specific water infrastructure projects.

The proposed project must be eligible for funding under the National Water Grid Investment Framework (the Investment Framework) and align with its objectives. The Authority recognises that, while smaller projects individually make minor improvements to water reliability and efficiency, collectively they can make nationally significant contributions to the National Water Grid.



Project proponents should refer to the Investment Framework and the Program Administration Manual when completing this template. Please note that State and Territory Governments (States) are the only entities eligible to receive funding, notwithstanding that third party entities may have an important role in co-funding and delivering projects.

To submit a proposal, please email a completed Project Proposal and relevant attachments to projectproposals.nwga@infrastructure.gov.au, addressed to the CEO of the National Water Grid Authority. Letters of support for proposal(s) should be concurrently provided by the relevant State Minister to the Deputy Prime Minister and be emailed to the Authority with the proposal.

The below table must be filled out for all projects. Please provide succinct responses to each element.

Project Name	<i>Provide a concise project name. This is the name the project will be known by publicly.</i>																														
Project Location	<i>Please provide details of the project location, including geographic coordinates (where possible) and details of the basin/catchment and relevant water source/s.</i>																														
Project Description and Scope	<i>Please provide a brief description of no more than one paragraph of the project and its scope, including the specific infrastructure components and business case activities (where appropriate). This must be suitable for publication.</i>																														
Project Phase	<i>Please select the phase of works for which funding is sought:</i> <input type="checkbox"/> Preliminary Business Case <input type="checkbox"/> Detailed Business Case <input type="checkbox"/> Construction																														
Project Image	<i>Please provide a map for illustrative purposes that includes relevant proposed infrastructure elements and location. Please ensure this image is appropriate for publication, with details of image credits.</i>																														
Eligibility and Alignment to Investment Framework	<i>Please outline how the project meets the eligibility criteria, objectives and investment principles outlined in the Investment Framework.</i>																														
Water Planning and Compliance	<i>Please provide brief details of how the project aligns with the Water Act 2007, National Water Initiative, State water management plans, and with any other relevant policy or legislation, such as the Murray-Darling Basin Plan.</i>																														
Project Funding and Partners	<p><i>Please provide details of the estimated project costs, including proposed Australian Government funding and details of State and other partner funding (by source).</i></p> <table border="1"> <thead> <tr> <th></th> <th>2021-22 (\$m)</th> <th>2022-23 (\$m)</th> <th>2023-24 (\$m)</th> <th>2024-25 (\$m)</th> <th>Total (\$m)</th> </tr> </thead> <tbody> <tr> <td>Australian Government</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>State Government</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other - specify</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	Total (\$m)	Australian Government						State Government						Other - specify						Total					
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Total																															

<p>Proposed Milestones (Business Case)</p>	<p><i>If the proposal is for a construction phase project, please delete this section and complete the Proposed Milestones (Construction) section instead.</i></p> <p><i>Please provide proposed milestones for Australian Government contributions. Final milestones will be agreed between the Australian Government and the State following a funding decision</i></p> <p><i>For Preliminary Business Case phase projects, the milestone descriptions set out below are intended to be standard. For Detailed Business Case phase projects, alternative or additional milestones may be proposed, however explanation must be provided as to how the proposed amendments better meet the needs of the project.</i></p> <table border="1" data-bbox="459 689 1428 855"> <thead> <tr> <th>Milestone</th> <th>Date</th> <th>Description</th> <th>Payment (\$m)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> <td>Acceptance of a project plan</td> <td></td> </tr> <tr> <td>2</td> <td></td> <td>Completion of a draft business case</td> <td></td> </tr> <tr> <td>3</td> <td></td> <td>Acceptance of final business case</td> <td></td> </tr> </tbody> </table>	Milestone	Date	Description	Payment (\$m)	1		Acceptance of a project plan		2		Completion of a draft business case		3		Acceptance of final business case					
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Milestone	Date	Description	Payment (\$m)																		
1		Commencement of construction																			
Add as required																					
		Completion of construction																			
		Acceptance of project completion report																			
<p>Anticipated Timeframes</p>	<p><i>Please provide the expected start and end dates for the project phase for which funding is sought. If the proposal for is a business case phase project, please also provide anticipated construction start and end dates for the project.</i></p>																				

<p>Project Justification</p>	<p>Please provide an overview of the justification for the project. Please also include a summary of any options analysis undertaken and copies of any relevant supporting data or reports.</p>												
<p>Benefit-Cost Ratio (Construction)</p>	<p>For construction proposals, a Benefit Cost Ratio (BCR) and supporting analysis document must be provided (a rapid assessment BCR is acceptable). Please also include a summary of any wider benefits not captured in the BCR.</p> <table border="1" data-bbox="459 611 1409 768"> <tr> <td data-bbox="459 611 699 689">Benefit Cost Ratio</td> <td data-bbox="699 611 933 689"></td> <td data-bbox="933 611 1169 689">4% Discount Rate</td> <td data-bbox="1169 611 1409 689">7% Discount Rate</td> </tr> <tr> <td data-bbox="459 689 699 728">P50</td> <td data-bbox="699 689 933 728"></td> <td data-bbox="933 689 1169 728"></td> <td data-bbox="1169 689 1409 728"></td> </tr> <tr> <td data-bbox="459 728 699 768">P90</td> <td data-bbox="699 728 933 768"></td> <td data-bbox="933 728 1169 768"></td> <td data-bbox="1169 728 1409 768"></td> </tr> </table> <p><input type="checkbox"/> Supporting documentation attached</p>	Benefit Cost Ratio		4% Discount Rate	7% Discount Rate	P50				P90			
Benefit Cost Ratio		4% Discount Rate	7% Discount Rate										
P50													
P90													
<p>Risk statement</p>	<p>Are there any key political, economic, sociocultural, technical, environmental or legal risks or conflicts of interests (real or perceived) that may impact the Australian Government's consideration of the project for approval or the project's ongoing management? If yes, please provide details.</p> <p><input type="checkbox"/> No <input type="checkbox"/> Yes (please provide details below)</p>												

Benefits Summary Table (Construction)

For construction proposals, please complete the table below.

Please note these are examples of common types of project benefits and none of them are mandatory for any given project. Additional lines can be added as necessary. Please also provide any clarifications or comments that may be required in respect of entries made into this table.

Benefit category	Benefit indicator and units	Upon completion	At full operation
Increased annual water available for productive use	Increased storage capacity (ML)		
	Increased water allocation licences (total ML)		
	Improved water allocation reliability		
	Increased number of customers/properties connected to water supply		
Increased agricultural and industrial production	Increased Gross Regional Product (GRP) (\$)		
	Existing primary industries supported		
	New primary industries supported		
	Financial benefits (\$) (Please specify - e.g. expected increases in farm gate revenue, higher value land usage, savings due to reduced water carting)		
Construction jobs supported by the project	Number of direct jobs supported during construction (average per annum Full-Time Equivalent (FTE))		
	Number of indirect jobs supported during construction (average per annum FTE)		
	Number of trainee/apprentice positions supported by the project (average per annum FTE)		
Ongoing (direct and indirect) jobs supported by the infrastructure	Number of direct jobs supported during operations (average per annum FTE)		
	Number of indirect jobs supported during operations (average per annum FTE)		
Increase in irrigable land and new areas serviced	Increased irrigable land (ha)		
	New area serviced by project (ha)		
Other notable benefits (social, cultural, economic, environmental)	<i>For example, increased water availability for cultural water opportunities in line with Indigenous communities needs and aspirations</i>		

5.2 Appendix B – Water Infrastructure Proposal Template over \$5 Million



Australian Government



Water Infrastructure Project Proposal [Project Name]

[Month] [Year]

[Jurisdiction]

[Insert Project Picture Here]

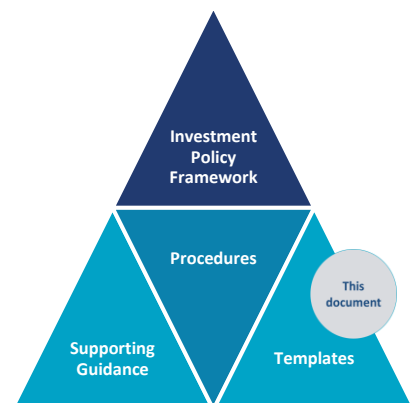
[Images provided should be suitable for publication]

SUBMITTING THIS PROPOSAL

Project proposals can only be submitted by state and territory governments. Please email the completed Project Proposal and relevant attachments to: projectproposals.nwga@infrastructure.gov.au, addressed to the CEO of the National Water Grid Authority. Letters of support for proposal(s) should be separately provided by the relevant State Minister to the Deputy Prime Minister, concurrently to your submission.

Summary

Project Name	
State / Territory	
Project Phase (Preliminary Business Case, Detailed Business Case or Construction)	
Requested Funding for Current Phase	
Estimated Total Project Cost	
Preliminary Business Case	Start Date: End Date:
Detailed Business Case	Start Date: End Date:
Construction	Start Date: End Date:
Submission Date	



Guidance Notes

The purpose of this Water Infrastructure Project Proposal Template is to set out the information required by the National Water Grid Authority (the Authority) to make informed recommendations to the Australian Government on the merits of investment in specific water infrastructure projects.

States and Territories are to complete each section of the Project Proposal with as much detail as possible. Part One – Project Overview, must be completed for all proposals. In addition:

1. If funding is being sought for the development of a Preliminary Business Case, Part Two must be completed.
2. If funding is being sought for the development of a Detailed Business Case and/or related project development activities, Part Three must be completed.
3. If funding is being sought for the Construction Phase, Part Four must be completed.
 - a. Proposals seeking construction funding must be supported by the Detailed Business Case and detailed cost estimates in a format suitable for review by an independent cost estimator. The Detailed Business Case should be developed having regard to the Infrastructure Australia Assessment Framework, which reflects better practice. It is mandatory for all construction projects seeking Australian Government funding of \$250 million or more to have the business case assessed by Infrastructure Australia.

Preliminary Business Case Phase	Detailed Business Case Phase	Construction Phase
<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • A preferred option(s) has been identified through a feasibility study (or similar) and the project is ready to progress to business case development. • Phase Activity: <ul style="list-style-type: none"> • Refinement of project scope and rationale for intervention. • Preliminary assessment of costs and benefits. • Phase Output: <ul style="list-style-type: none"> • Completion of a Preliminary Business Case that can be used to assess the merits of proceeding further with the project. • Information at this Phase of project development is broad and indicative. 	<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • A Preliminary Business Case (or similar strategic assessment) has been completed. • Phase Activity: <ul style="list-style-type: none"> • Detailed evaluation of the preferred option and comprehensive analysis of all aspects of the project. Will include preparation of implementation documents, such as costings, procurement and risk management strategies. • Approvals processes underway. • Phase Output: <ul style="list-style-type: none"> • Completion of a Final Business Case that provides clear, comprehensive evidence for decision makers and can be used as a basis for informing a decision to proceed to construction. • The Final Business Case should be developed in a manner that would allow assessment by Infrastructure Australia, in line with the IA Assessment Framework (mandatory for proposals seeking \$250 million or more in Australian Government funding). 	<ul style="list-style-type: none"> • Status: <ul style="list-style-type: none"> • The Final Business Case has been completed and the project is investment ready. • Major approvals identified and timing confirmed (approvals necessary to commence should be obtained or in process). • Phase Activity: <ul style="list-style-type: none"> • Construction of the full scope of the project. • Phase Output: <ul style="list-style-type: none"> • Project is completed and operational.

For construction projects seeking no more than \$5 million from the Australian Government, or business case development proposals where the State or Territory will seek no more than \$5 million from the Australian Government for the construction phase of the project in future, please refer to the 'Under \$5million' Water Infrastructure Project Proposal Template.

Part One – Project Overview

Part One should be completed for all proposals and requests for funding in each phase. Information provided as part of the first submission should be updated as necessary with further submissions.

A - Proponent Details

A1 Jurisdiction/Department

A2 Primary Contacts

<u>Primary Contact</u>	<u>Secondary Contact</u>
Name	Name
Position	Position
Phone	Phone
Email	Email
Postal Address	Postal Address

A3 Project Partners

Identify partners involved with the development and delivery of the Project, including Federal, State or Local Government and/or Private organisations making a contribution to the Project.

B - Project Details

B1 Project Name

Project name must be used consistently across all phases and be suitable for publication.

B2 Total Project Cost Estimate

Provide details of the expected total construction costs for the project. Where relevant, information should also be provided as to the stage of development of the cost estimate (e.g. based on a 30 per cent design).

B3 Project Description

Brief description of the full project (maximum 250 words, suitable for publication). This should include the primary objectives of the project and its key expected benefits. Refer to www.nationalwatergrid.gov.au/program for examples.

B4 Project Scope

Provide details of the scope of the full project, including specific infrastructure components.

B5 Project Location

Provide geographical coordinates of the project's location. Where possible, please also provide a map for illustrative purposes that includes relevant proposed infrastructure elements and location. Please ensure this image is appropriate for publication, with details of image credits.

B6 Basin/Catchment and Water/Groundwater Source

Provide details of the basin/catchment and water/groundwater sources for the project.

B7 Related Projects

Provide details of other works, previous stages, projects or studies related to the proposed project (please provide web links to studies where applicable), including whether these works were funded by the Commonwealth. Include details on whether or not the project is part of a broader regional infrastructure plan. Please outline whether there are any other projects in the basin/catchment, either proposed or underway, that would impact the project and how these impacts are being considered for this proposal. Are there cumulative impacts that will need to be considered?

B8 Benefit the National Water Grid

How does the project fill a gap/need in the current National Water Grid? Having regard for the objectives outlined in the Investment Framework, how does the project benefit the National Water Grid and improve connectivity of water systems?

Refer also to the Program Administration Manual (Section 2.2).

B9 Water Planning

Do current water plans support the full operation of the project? Detail how the project is referenced in existing water plans and other relevant planning documentation.

If changes to water plans are needed to accommodate the project, please provide details on how and when this is expected to occur.

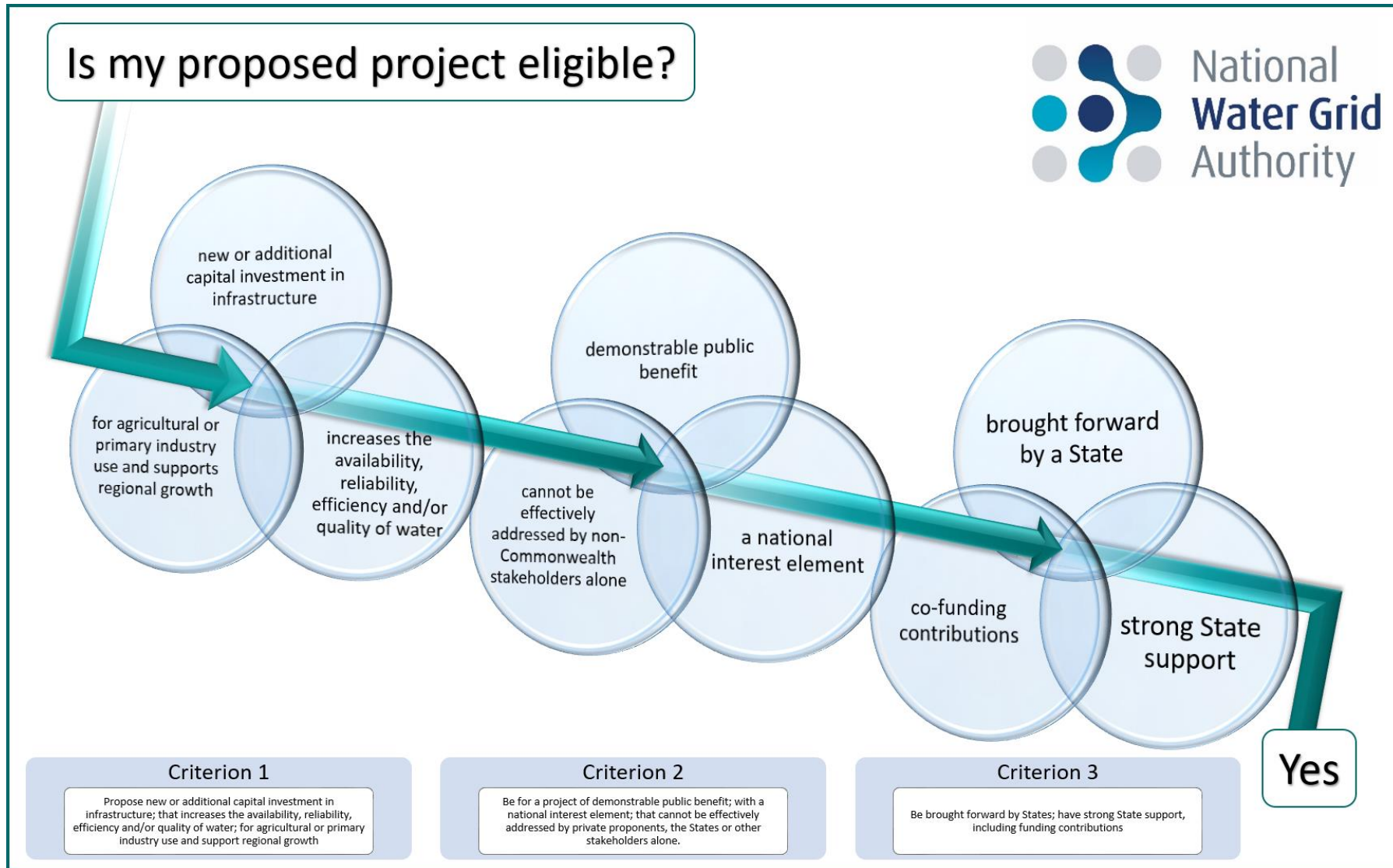
B10 Alignment with the National Water Initiative

Explain how the project aligns with the National Water Initiative, including appropriate cost recovery. If it doesn't, explain why.

B11 Infrastructure Australia Priority

Has Infrastructure Australia reviewed the project? Is the project on the current Infrastructure Australia Priority List? Please provide details.

C - Project Eligibility



C1 Project Eligibility

1a – Is the project for new or additional capital investment?	<input type="checkbox"/> New <input type="checkbox"/> Additional <input type="checkbox"/> Neither
1b – Will the project increase the availability, reliability, efficiency and/or quality of water?	<input type="checkbox"/> Availability <input type="checkbox"/> Reliability <input type="checkbox"/> Efficiency <input type="checkbox"/> Quality <input type="checkbox"/> None of the above
1c – Does the project aim to benefit agriculture and primary industries and support regional growth?	<input type="checkbox"/> Yes <input type="checkbox"/> No

2a – Is the project of demonstrable public benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2b – Does the project have a national interest element?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2c – Is the project reliant on investment from the Australian Government/cannot effectively be addressed by non-Commonwealth stakeholders alone?	<input type="checkbox"/> Yes <input type="checkbox"/> No

3a – Has the proposal been brought forward by a State or Territory?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3b – Does the project have strong State or Territory support?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3c – Are there co-funding contributions?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Please provide further detail on how the project meets criteria 2b, 2c and 3b above, with regard to the national interest element of the project, the reliance of the project on Australian Government investment, and State or Territory support. Refer also to the Investment Principles in the Investment Framework as well as the Program Administration Manual.

D - Project Development

D1 Problem/Opportunity Statement

Please describe the problem/opportunity as a succinct statement that clearly identifies the cause and effect of the problem/opportunity. Please include evidence and data to demonstrate the scale of the problem/opportunity and the need for Australian Government funding to address the problem and/or make the most of the opportunity.

D2 Options Evaluation

Please describe the options that have been and will be considered in developing the project, including infrastructure and non-infrastructure solutions.

Where possible this should include details on the process for evaluating options and determining the preferred option(s).

E - Project Compliance

E1 Water Act 2007 (If Applicable)

How does the Water Act 2007 apply to the project?

E2 Murray-Darling Basin Plan (If Applicable)

How does the Murray-Darling Basin Plan apply? Does the Project align with an approved Water Resource Plan? Please detail any necessary amendments.

E3 Applicable Legislation (State/Territory or Commonwealth)

Is there any other legislation (State/Territory or Commonwealth) that will apply to the project and requires special consideration?

Part Two – Preliminary Business Case Phase

Part Two should be completed for projects requesting funding for the Preliminary Business Case Phase.

F – Preliminary Business Case Phase Key Information

F1 Preliminary Business Case Phase Scope

Detail the scope of works for the Preliminary Business Case Phase. This should provide detail on expected outputs and be suitable for publication.

F2 Preliminary Business Case Phase Cost Estimate and Funding Contributions

Total estimated cost of Preliminary Business Case Phase: \$

Australian Government funding sought for Preliminary Business Case Phase: \$

PBC Phase	2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	2025-26 Onwards (\$m)	Total (\$m)
Australian Government						
State/Territory Government						
Other Contributions:						
Please specify e.g. Irrigators, State-owned corporations						
Total						

F3 Preliminary Business Case Phase Timeframes

Detail key dates/timeframes for Preliminary Business Case Phase.

F4 Proposed Milestones (Preliminary Business Case Phase)

For the Preliminary Business Case Phase the milestone descriptions set out below are intended to be standard across all Preliminary Business Case projects. Please provide indicative dates and payment amounts (Australian Government contributions) in the table below. This will be used as the basis for development of formal project milestones should the project be approved.

Milestone	Date	Description	Payment Amount
1		Acceptance of Project Plan including key deliverables and timelines for the delivery of the Preliminary Business Case.	
2		Completion of draft Preliminary Business Case.	
3		Acceptance by the Australian Government of the final Preliminary Business Case.	

F5 Mandatory Attachments

Please ensure the following attachments have been included as part of your project proposal for this phase.

- Feasibility or planning document.

Part Three – Detailed Business Case Phase

Part Three should be completed for projects requesting funding for the Detailed Business Case Phase.

G - Scope

G1 Scope

Detail the scope of works for the Detailed Business Case Phase. This should provide detail on expected outputs and be suitable for publication.

H - Project Benefits

Refer to the Program Administration Manual (section 2.2) for an outline of indicative Project benefits. If available, please ATTACH any independent studies/assessments on the costs and benefits.

H1 Public Benefit

Explain how the project will deliver public benefit.

H2 Economic Costs and Benefits

Provide a summary of the economic costs and benefits (e.g. supporting productivity and capability benefits for communities).

H3 Environmental Costs and Benefits

Provide a summary of the environmental costs and benefits (e.g. adding to drought and climate resilience).

H4 Social Costs and Benefits

Provide a summary of the social costs and benefits (e.g. benefits to regional Australia).

H5 Cultural Costs and Benefits

Provide a summary of the cultural costs and benefits (e.g. how the project will improve the lives of Indigenous communities and First Australians)

H6 Benefit Cost Ratio (BCR)

Has a BCR been calculated? If so, please provide details, including the assumptions and discount rates used.

H7 Benefits Not Included in BCR / Clarifications

Are there other benefits that will be generated during delivery/operation that were not incorporated in the BCR? Please detail.

I - Project Risks

Please ATTACH a current risk register for the project, if one has been developed

I1 Project Risks

Provide a summary of key project risks, having regard to:

- Political Risks – issues to consider include public statements for and against the project, prevalence of local interest groups and the likelihood of negative publicity.
- Economic Risks – issues to consider include state of the economy, project cost, independent costing review findings, escalation and contingency allowance.
- Sociocultural Risks – issues to consider include the level of community support/interest in the project, likelihood of scope change and cultural differences or challenges that may affect the project.
- Technical Risks – issues to consider include the complexity of the project, innovation of design and risk of failure.
- Environmental Risks – issues to consider include the possible impact of changing weather patterns and the environmental side-effects (both positive and negative) of the project, both during construction and once in operation.
- Legal Risks – issues to consider include approvals, water tenders and native title status requirements.

J – Detailed Business Case Phase Key Information

J1 Detailed Business Case Development Phase Cost and Funding Contributions

Total estimated cost of Detailed Business Case phase: \$

Australian Government funding sought for Detailed Business Case phase: \$

J2 Proposed Funding Profile for Detailed Business Case Phase

DBC Phase	2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	2025-26 Onwards (\$m)	Total (\$m)
Australian Government						
State/Territory Government						
Other Contributions:						
Please specify e.g. <i>Irrigators, State-owned corporations</i>						
Total						

J3 Detailed Business Case Phase Timeframes

Detail key dates/timeframes for Detailed Business Case Phase

J4 Proposed Milestones (Detailed Business Case Phase)

Please provide indicative dates and payment amounts (Australian Government contributions) in the table below. This will be used as the basis for development of formal project milestones should the project be approved. Milestone payment amounts must be consistent with the funding needs of the project. The milestones set out below are intended to be standard for detailed business cases. Alternative or additional milestones may be proposed having regard to the cost and complexity of a project, however explanation must be provided as to how the proposed amendments better meet the needs of the project.

Milestone	Date	Description	Payment Amount
1		Acceptance of Project Plan including key deliverables and timelines for the delivery of the Detailed Business Case	
2		Completion of draft Detailed Business Case	
3		Acceptance by the Australian Government of the final business case	

J5 Mandatory Attachments

Please ensure the following attachments have been included as part of your project proposal for this phase.

- Preliminary Business Case or similar strategic assessment
- Risk register (if developed)

Part Four – Construction Phase

Part Four should be completed for projects requesting funding for the Construction Phase.

K - Scope and Development

K1 Scope

Detail the scope of works for the Construction Phase. This should provide detail on expected outputs, including the specific infrastructure components, and be suitable for publication.

K2 Business Case Review

Has the Detailed Business Case been through a Gateway Review and/or been reviewed by an independent body (e.g. relevant State Infrastructure Body)? Please provide details.

L - Project Benefits

Refer to Program Administration Manual (section 2.2) for an outline of indicative Project benefits. If available, please ATTACH any independent studies/assessments on the costs and benefits. Provide a benefits realisation plan if one has been developed.

L1 Public Benefit

Explain how the project will deliver public benefit.

L2 Economic Costs and Benefits

Provide a summary of the economic costs and benefits (e.g. supporting productivity and capability benefits for communities).

L3 Environmental Costs and Benefits

Provide a summary of the environmental costs and benefits (e.g. adding to drought and climate resilience).

L4 Social Costs and Benefits

Provide a summary of the social costs and benefits (e.g. benefits to regional Australia).

L5 Cultural Costs and Benefits

Provide a summary of the cultural costs and benefits (e.g. how the project will improve the lives of Indigenous communities and First Australians).

L6 Benefit Cost Ratio (P50 and P90)

The proponent should estimate project benefits in line with their own standard practice and aligned with Framework.

Provide details of the Benefit Cost Ratio (BCR) using a discount rate of 4 per cent and 7 per cent for both the P50 and P90 cost of the Project, in the table below. A 30 year appraisal period should be used for the central case, but additional appraisal periods may also be included to support analysis of the proposal over its full lifecycle.

Please also provide details of underpinning assumptions and note if wider economic benefits were included in the calculations.

Benefit Cost Ratio		4% Discount Rate	7% Discount Rate
	P50		
	P90		

L7 Benefits Not Included in BCR

Are there other benefits that will be generated during delivery/operation that were not incorporated in the BCR? Please detail.

L8 Full Operation

When will the project reach full operation?

L9 Benefits Summary Table

Benefit category	Benefit indicator and units	Upon completion	At full operation
Increased annual water available for productive use	Increased storage capacity (ML)		
	Increased water allocation licences (total ML)		
	Improved water allocation reliability		
	Increased number of customers/properties connected to water supply		
Increased agricultural and industrial production	Increased Gross Regional Product (GRP) (\$)		
	Existing primary industries supported		
	New primary industries supported		
	Financial benefits (\$) (Please specify - e.g. expected increases in farm gate revenue, higher value land usage, savings due to reduced water carting)		
Construction jobs supported by the project	Number of direct jobs supported during construction (average per annum Full-Time Equivalent (FTE))		
	Number of indirect jobs supported during construction (average per annum FTE)		
	Number of trainee/apprentice positions supported by the project (average per annum FTE)		
Ongoing (direct and indirect) jobs supported by the infrastructure	Number of direct jobs supported during operations (average per annum FTE)		
	Number of indirect jobs supported during operations (average per annum FTE)		
Increase in irrigable land and new areas serviced	Increased irrigable land (ha)		
	New area serviced by project (ha)		
Other notable benefits (social, cultural, economic, environmental)	<i>For example, increased water availability for cultural water opportunities in line with Indigenous communities needs and aspirations</i>		

L10 Clarifications

Clarifications or comments on the table above.

M - Project Risks

Please ATTACH a current Risk Register for the project.

M1 Political Risks

Summarise the primary risks associated with the political environment and the mitigation strategies being employed to manage these risks – issues to consider include public statements for and against the project, real or perceived conflicts of interest, prevalence of local interest groups and the likelihood of negative publicity.

M2 Financial Risks

Summarise the primary risks associated with current economic conditions and possible changes and the mitigation strategies being employed to manage these risks – issues to consider include state of the economy, project cost, independent costing review findings, escalation and contingency allowance.

M3 Sociocultural Risks

Summarise the primary risks associated with cultural influences and community actions and the mitigation strategies being employed to manage these risks – issues to consider include the level of community support/interest in the project, likelihood of scope change and cultural differences or challenges that may affect the project.

M4 Technical Risks

Summarise the primary risks associated with possible technological change and technical challenges associated with project delivery and the mitigation strategies being employed to manage these risks – issues to consider include the complexity of the project, innovation of design and risk of failure.

M5 Environmental Risks

Summarise the primary risks associated with the environment, environmental changes and environmental regulation and the mitigation strategies being employed to manage these risks – issues to consider include the possible impact of changing weather patterns and the environmental side-effects (both positive and negative) of the project, both during construction and once in operation.

M6 Legal Risks

Summarise the primary risks associated with legal changes or challenges and the threat of legal action and the mitigation strategies being employed to manage these risks – issues to consider include approvals, water tenders and native title status requirements.

N - Project Cost, Funding and Milestones

Please note: all proposals for construction funding must attach detailed costings that provide a sufficient level of detail, in an appropriate format, to allow review by an independent cost estimator.

N1 Construction Phase Cost and Funding Contributions

Total estimated cost of Construction Phase (P90): \$

Australian Government funding sought for Construction Phase: \$

N2 Alternative Funding and Finance

How has alternative funding and financing (including private sector financing) been considered for this project? If it has not been considered, why? Note projects seeking more than \$100 million in Australian Government funding must outline the process and outcome of these considerations (refer Investment Framework).

N3 Proposed Funding Profile (P90)

Construction Phase	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 Onwards (\$m)	Total (\$m)
Australian Government						
State/Territory Government						
Other Contributions:						
Please specify e.g. <i>Irrigators, State-owned corporations</i>						
Total						

N4 Key Activities, Timeframes and Project Approvals

Include the expected timing of high-level project activities in the construction phase, including those on the critical path, estimated timings and relevant project approvals.

Activity	Commencement	Completion
Add rows as necessary		
<i>e.g. site establishment, main construction, EIS development</i>		

N5 Proposed Milestones (Construction Phase)

Please provide indicative dates and payment amounts (Australian Government contributions) in the table below. This will be used as the basis for development of formal project milestones should the project be approved. Alternative or additional milestones may be proposed having regard to the cost and complexity of a project.

Payment milestones should represent significant milestones in the progress of the project – for example, commencement or completion of a significant infrastructure element. Please note that milestones such as ‘completion of x per cent of construction’ are not suitable.

Milestone	Date	Description	Payment Amount
1		Commencement of Construction	
Add As Required			
		Completion of Construction	
		Acceptance of a Project Completion Report	

O - Project Procurement and Compliance

O1 Procurement Method

Detail the proposed procurement method for the project. Outline specific details of the contracting method (design and construct for example) and why it was selected.

O2 Whole-of-Government Policy Compliance

There are a range of Australian Government policies that will apply to projects over particular funding thresholds, should the proposals be approved. Key policies relevant to National Water Grid proposals include:

Indigenous Participation Plan:

- Projects in receipt of more than \$7.5 million in Australian Government funding.

Australian Industry Participation Plan

- Projects in receipt of more than \$20 million in Australian Government funding.

WHS Accreditation Scheme

- Projects in receipt of at least \$6 million of Australian Government funding where it represents at least 50 per cent of the total project cost; or \$10 million of Australian Government funding irrespective of the proportion of the total cost; and where the head contract for building work is valued at \$4 million or more.

Building Code 2016

- Projects in receipt of at least \$5 million of Australian Government funding where it represents at least 50 per cent of the total project cost; or \$10 million of Australian

Government funding irrespective of the proportion of the total cost; and where the head contract for building work is valued at \$3 million or more.

P - Stakeholder Engagement

P1 Strategy for Stakeholder Engagement

Please provide details on how public and stakeholder participation will be facilitated for the project.

P2 Events

If applicable, detail any upcoming planned events.

Q - Attachments

Q1 Mandatory Attachments

Please ensure the following attachments have been included as part of your project proposal for this phase.

- Final Detailed Business Case
- Risk Register
- Detailed Costings

5.3 Appendix C – Indigenous Employment and Supplier-Use Water Infrastructure Framework

Indigenous Employment and Supplier-Use Water Infrastructure Framework

May 2021

Introduction

The Australian Government is committed to improving Indigenous economic development by increasing Indigenous employment opportunities and supporting the Indigenous business community through a whole-of-government approach, including in support of the National Agreement on Closing the Gap and advancing progress towards its targets.

This Indigenous Employment and Supplier-Use Water Infrastructure Framework (the Framework) aims to increase Indigenous employment and supplier-use in the delivery of water infrastructure projects funded or co-funded by the Australian Government.

The Framework applies to construction projects receiving \$7.5 million or more in Australian Government contributions under the National Water Grid Fund (NWGF) and in some circumstances for projects below \$7.5 million with strong potential to support Indigenous participation. More information on Project Thresholds and Exemptions is at section 3.

All levels of government across Australia have their own Indigenous employment and supplier-use policies and approaches. Generally, government policies, including construction-related procurement, are designed in consideration of a range of factors, including Indigenous populations and labour force within a defined region, and important socio-economic and cultural issues that face local Indigenous communities in their respective jurisdictions.

With respect to the differences in each jurisdiction, the Framework builds on the approaches already in place at the state and territory level. It will be important that the Framework adds value to existing efforts nationally. To this end, the Framework is flexible and seeks to avoid adding unreasonably to tendering and delivery costs, which would impact the ability for infrastructure investments to achieve value for money outcomes.

1. Principles of the Framework

The Framework is underpinned by the principles set out below. These principles are integral to the design and implementation of Indigenous participation requirements, noting the importance of balancing the need to meet Indigenous outcomes, reducing red tape, and achieving value for money.

Sustainable and meaningful opportunities

- Indigenous Australians are able to access jobs through water infrastructure projects at all levels, ranging from entry-level jobs, which can be a first step into the real economy, to professional, high skill roles.
- Ensuring that Indigenous businesses are given the best chance of success. Governments should promote early notice of opportunities, appropriate sizing and timing of packages of work to allow continuity of business, encourage major contractors to recognise the value of embedding supply chain diversity and promote ongoing opportunities for Indigenous participation at the conclusion of projects.

Achievable and measurable progress

- Participation requirements are evidence-based and progress is measurable, taking into account both quantitative and qualitative data where appropriate.
- Appropriate supply-side supports are in place, including business sector, employment, training and skills development services.

Flexibility

- Recognises the importance of local circumstances and is able to respond flexibly.
- Promotes opportunities for Indigenous participation across the supply chain.
- Complements, and builds on, existing initiatives by state and territory governments and industry.

Accountability and ownership

- Encouraging strong industry buy-in and ownership of Indigenous participation efforts, to ensure the benefits and opportunities are achieved and acknowledged, and over the medium/longer-term efforts transition to market-driven rather than government-led.
- Robust monitoring and reporting processes are in place to provide appropriate transparency on Indigenous participation. Appropriate mechanisms will also be developed for ensuring that the states can be held to account for the non-achievement of Indigenous objectives.

Value for regions and local communities

- Promoting consideration of local Indigenous participation where appropriate and practical.
- Recognising the particular importance of water infrastructure projects in regional and remote economies, where projects may represent a substantial source of economic activity and employment in the region.

Value for money

- Ensuring that infrastructure projects are delivered on time and to budget and that value for money is a core principle at all times.

2. Indigenous Participation Requirements for the NWGF

Indigenous Participation Plans

State and Territory Governments (herein 'States'), as funding recipients under the NWGF, are required to develop Indigenous Participation Plans for water infrastructure projects receiving \$7.5 million or more in Australian Government contributions under the relevant National Partnership arrangements for the NWGF. The requirements apply to projects where construction stage funding is formally approved and that are publicly tendered from 1 July 2021 (requirements will not be applied retrospectively to projects where construction stage funding was approved and works were publicly tendered prior to 1 July 2021).

The Plans should set out the anticipated opportunities for Indigenous participation, including specific targets for Indigenous employment and supplier-use in the delivery of projects (see *Calculation of targets* below). The Plan should address how targets will be met, how opportunities will be communicated, and how the longer-term participation of Indigenous employees and suppliers will be facilitated (for example through capability development).

It is expected that States will address these requirements through their procurement processes and the approach to Indigenous participation will be negotiated with the successful contractor. States should look favourably on proposals that promote long-term and sustainable Indigenous participation.

States are required to submit their Indigenous Participation Plan following formal advice that a project proposal has been approved for the construction phase, and prior to a project being publicly tendered.

States will need to set out the Indigenous participation requirements in tender documents to ensure industry has visibility prior to bidding for work. Should there be significant variation to the Plan (i.e. contractors are unable to satisfactorily address the proposed requirements set out in the agreed Plan), the State should consult with the most appropriate Indigenous representative body (for example a Land Council), and come back to the NWGA for further discussions before awarding the contract.

States should engage early with the National Indigenous Australians Agency (NIAA) and/or the Commonwealth Department of Education, Skills and Employment State Office Network on the development of their Plans. In terms of geographic reach, on-the-ground presence and knowledge of local Indigenous communities, the regional offices are well-placed to connect appropriate supports with the specific needs of individual projects and communities. This will also allow for early and ongoing identification of any gaps in supply-side supports.

Australian Government agreement to the proposed Plan is required prior to the construction contract for a particular project being awarded. The NWGA may seek advice from other relevant agencies in developing advice to Government in this regard.

Alternatives to Indigenous Participation Plans

Where a State has developed a detailed Indigenous participation plan for a specific project, the NWGA may agree to accept that plan in lieu of completing an Indigenous Participation Plan under the Framework. This will be considered on a case-by-case basis and will require prior agreement and Australian Government approval.

This option would only apply where the State's plan has been developed for a specific project and provides sufficient detail for the NWGA to assess whether it addresses all of the Framework's requirements, including with regard to setting targets, appropriate engagement with supply-side support providers and Indigenous bodies, and public reporting on performance.

This approach is intended to recognise proactive efforts by State and Territory Governments to develop ambitious and high-quality Indigenous participation plans for water infrastructure projects and avoids duplication of effort.

Calculation of targets

Indigenous participation targets are to be set to reflect the local Indigenous working age population, with Funding Recipients able to put forward adjustments to targets (up or down), supported by appropriate justifications, taking into consideration:

- the local employment market, including in terms of the number of Indigenous businesses, workers and job seekers, and their relevant skills, capabilities, qualifications and training;
- the scale, value and location of the project, and skills and capabilities required to deliver the project;
- the availability of supply-side services to support the meeting of any targets and assist build the capacity of Indigenous businesses and job-seekers to take up opportunities; and
- existing State-level policies and/or targets.

Information on the local Indigenous working age population can be sourced from the Australian Bureau of Statistics or from an equivalent State agency. Any queries about setting the target can be referred to the NWGA or discussed directly with the NIAA.

Targets can be met through any combination of employment or supplier-use across the supply chain:

- Employment is to be measured in terms of number of full-time equivalent (FTE) employees (not head count).
- Supplier-use is to be measured by percentage of contract spend, calculated at the project level.

States need to specify the proportion of both employment and contract spend and how each component contributes to the overall target.

Where a State proposes to use alternative metrics to calculate targets, including in accordance with their own State policy, this should be explained in the Indigenous Participation Plan.

Indigenous participation targets can be met over the life of a project, allowing varying levels of labour requirements and supplier engagement during the project phases. Once targets are agreed, any variation to targets, for example where there is a change to the scope or size of the project which impacted on Indigenous participation, requires agreement from the Australian Government.

As the capability of the Indigenous workforce and business sector increases; additional supply-side supports are implemented; and readiness of employers/contractors to take on increased numbers of Indigenous workers and contracted suppliers increases, it is expected that there will be less need for flexibility in setting targets.

Weighting of Indigenous participation requirements

State governments have primary responsibility for the procurement, construction and maintenance of water infrastructure projects, and the majority also have their own Indigenous employment and procurement policies. The Framework is intended to provide States with flexibility to procure and manage projects effectively and efficiently, while still meeting the Australian Government's Indigenous participation requirements.

On this basis, the Framework does not specify a weighting for Indigenous participation requirements in the award of contracts. Instead, the procuring agency has discretion to consider the strength of the Indigenous participation component in the context of the proposal as a whole.

This will ensure that contractors' capability to deliver the required works on a value for money basis remains the prevailing consideration in the award of contracts by State governments.

Verifying Indigeneity

To ensure that Indigenous Australians are the genuine beneficiaries of the Framework, it is important to apply a consistent approach to verifying Indigeneity of businesses and individuals.

It is noted, however, that seeking to verify Indigeneity, particularly of individuals, poses both cultural and administrative complexities. Some job-seekers and businesses may be unwilling to identify as Aboriginal or Torres Strait Islander due to fear of discrimination. There are also cultural sensitivities associated with governments or businesses asking Indigenous Australians to "prove" their cultural heritage, which may cause offence and in some cases documentation may not be readily available.

In addition, it is important to be mindful of the administrative burden for contractors associated with additional pre-employment checks.

To the extent possible, the proposed approach to verifying Indigeneity aligns with established and accepted practices for other Indigenous policies and programs, such as the Australian Government's Indigenous Procurement Policy (IPP).

For the purposes of verifying that a business meets the definition of an **Indigenous business**:

- Businesses listed on Supply Nation's register are accepted as an Indigenous business.
- If a business says it is Indigenous owned and is not listed with Supply Nation, the procuring officer must take steps to assure themselves that the business is 50 per cent or more Indigenous owned. This may include:
 - confirming registration with an Indigenous Chamber of Commerce, or
 - seeking a statutory declaration or a letter of Indigeneity from organisations such as Land Councils.
- Indigenous corporations registered with Office of the Registrar of Indigenous Corporations ORIC (www.oric.gov.au) are accepted as an Indigenous business.

The definition recognises that in some family businesses just one member of a couple is Indigenous and that private sector investment is critical to support growth of the Indigenous business sector.

For the purposes of verifying that a business meets the IPP definition of an **Incorporated Indigenous joint venture**:

- They must be registered with Supply Nation; and
- Be at least 50% Indigenous owned and demonstrate 50% Indigenous involvement in the management and control of the joint venture; and

Additionally, as part of this registration they must have in place:

- A strategy to build the capability of the Indigenous business partner.
- An Indigenous workforce strategy.

Individuals would be required to sign and provide a statutory declaration or a confirmation of Indigeneity to the employer stating they:

- are of Aboriginal descent and/or Torres Strait Islander descent
- identify as an Australian Aboriginal and/or Torres Strait Islander
- are accepted as an Australian Aboriginal and/or Torres Strait Islander in the community in which they live or have lived
- are aware that under the *Criminal Code Act 1995* (Cth) section 137.1 giving false or misleading information is a serious offence
- have documentary evidence to support information contained in the declaration.

States should communicate these requirements to contractors as part of the tender process.

Where a State determines that this approach would not be suitable for their specific circumstances, they may apply a different approach to verifying Indigeneity, provided they can satisfy themselves as to the level of genuine Indigenous participation in projects.

Sectors in the supply-chain

Indigenous participation requirements apply to roles and industry sectors that primarily relate to water infrastructure construction, in line with the National Partnership arrangements for the NWGF, the National Water Grid Investment Framework and supporting documents. These include roles spanning across the water infrastructure construction supply chain, including but not limited to project management; engineering design; financial services; environmental management; supply-chain logistics; and construction.

However, where a jurisdiction or contractor identifies an opportunity for Indigenous participation delivery outside the primary definition of project construction, this may be considered in consultation between the Australian Government and the relevant state or territory government. This provides additional flexibility to meet any Indigenous participation requirements.

'Local first' principle

The Framework is intended to result in tangible economic and social benefits for local Indigenous people living in surrounding communities. To this end, ideally employees and contractors required for a project should be first sourced from within the local area, then from the wider region and beyond, where local capacity is unable to meet the participation requirements.

There may be circumstances where this approach is neither practical nor cost-effective. Where necessary and culturally appropriate, contractors may need to rely on Indigenous employees or

contracted businesses from outside of the local area. As such, 'local first' should be regarded as a principle, rather than a requirement of the Framework.

There are a range of definitions for 'local' being used in the different States and that definitions are dependent on the context of specific projects. On this basis, local should be defined in terms of what makes sense for a specific project, based on but not limited to:

- the needs and values of the local community, including Indigenous connections to land and country
- formal definitions such as local government area
- proximity to the project.
- A rationale for this definition and the approach forward should be clearly outlined in the Indigenous Participation Plan.

Supply-side supports

The success of the Framework will rely on the availability and whole-of-government coordination of appropriate supply-side supports to ensure an increase in the demand for Indigenous labour and business services is able to be met by a suitably skilled and qualified workforce.

This includes support for Indigenous job seekers and businesses for the training required to develop skills and obtain necessary qualifications; support for contractors to identify suitably skilled Indigenous job-seekers and businesses; and better visibility of project opportunities to enable time for upskilling. This is likely to involve a range of agencies across levels of government.

Support for job-seekers

Employment service providers deliver support to Indigenous job seekers and work with employers to support better opportunities for job seekers. Given adequate notice of industry projects, they can be leveraged to encourage Indigenous job seekers to upskill and seek relevant employment or apprenticeship opportunities.

Complementing Indigenous specific supply-side measures are a range of mainstream employment services in metropolitan and regional areas managed by the Commonwealth Department of Education, Skills and Employment. These mainstream employment services include:

- Jobactive – the Australian Government's mainstream employment program
- Transition to Work – which provides intensive pre-employment assistance to young people aged 15-21 who have disengaged from the labour market
- ParentsNext – which is an early intervention program for recipients of Parenting Payment who have young children
- New Enterprise Incentive Scheme – which provide individualised support to help job seekers to start their own business.

Indigenous specific services such as the Community Development Programme (CDP), Vocational Training and Employment Centres (VTECs) will work with contractors to prepare job-seekers for specific roles. Flexible employment grants such as Tailored Assistance Employment Grants (TAEG) are also available to directly support hiring action by employers.

Support for businesses

The Australian Government is providing support for existing and emerging Indigenous businesses through the Indigenous Business Sector Strategy (IBSS). Measures to assist Indigenous businesses under the IBSS includes the establishment of two Indigenous Business and Employment Hubs (the NSW Hub located in Western Sydney, and the WA Hub located in Perth), funding Indigenous Business Australia's Business Solutions Program (with a focus on businesses in the start-up or pre-bank phase), and expanding microbusiness support and finance in regional Australia through Many Rivers.

This investment will be maximised if the Australian Government and the States work to coordinate and tailor existing programs and services. Indigenous participation will be increased with sufficient lead-time for effective planning and implementation of supply-side strategies.

3. Project Thresholds and Exemptions

Thresholds

The Framework applies to projects receiving \$7.5 million or more in Australian Government contributions under the NWGF. For projects below the \$7.5 million threshold, the State's own Indigenous policy should apply. In some circumstances, the Australian Government or the relevant State government may identify a project with strong potential to support Indigenous participation but where the Australian Government contribution is below \$7.5 million, such as locations where there is a high proportion of Indigenous people within the population. These projects may also require an Indigenous Participation Plan and should be discussed with the NWGA at an early stage.

Exemptions

States may seek an exemption to Indigenous participation requirements for a specific project, where there is strong justification. This will be considered by exception only and requires agreement the Australian Government.

Accountability

The Australian Government recognises that the Framework's success will depend on an effective partnership between governments, industry and Indigenous communities.

That said, it is important that governments and industry are accountable for Indigenous participation commitments: this has been particularly emphasised by Indigenous stakeholders.

States will be required to keep effective records on the performance of contractors against their Indigenous participation requirements. States should review contractors' performance (such as if they have met the target or not, and whether appropriate justification was provided where targets were not met) at the completion of each project and this should be a factor in consideration for the award of future contracts. This creates a clear incentive for contractors to meet Indigenous performance requirements in order to win future contracts.

4. Reporting

Business-as-Usual Reporting Requirements

For individual projects, States will be required to report on progress against Indigenous Participation Plans (or the State's own Indigenous participation plan where that has been accepted by the NWGA) as part of the standard reporting process in place for water infrastructure construction projects under the NWGF. Where practical, reporting should cover:

- the target (per the agreed Indigenous Participation Plan)
- progress against the target, including (where available):
 - number of FTE Indigenous employees
 - value of contracts awarded to Indigenous businesses, as a proportion of the total project cost
 - qualitative information, including the type of roles in the supply chain filled by Indigenous persons and certifications obtained on the job.

Where actual participation rates vary from targets proposed in the Indigenous Participation Plan, States should provide advice on the circumstances influencing the outcomes and should seek to address any issues in consultation with the Australian Government.

Transparent reporting from the States throughout the project life cycle will also assist the Australian Government to provide the necessary supply-side supports that are required to achieve the best Indigenous participation outcomes over the long-term.

At the conclusion of a project, States will be required to provide information on Indigenous participation, including performance against targets, as part of the final project report.

Public Reporting Requirements

COAG agreed at its February 2018 meeting to report publicly on Indigenous employment and business outcomes annually. As part of this commitment, COAG has established online performance reporting for priority policies of the Closing the Gap Refresh, at the national and State government level.

Under the Framework, States will be required to report publicly on Indigenous participation on a project-by-project basis, including performance against targets for all projects.

At a minimum, performance against targets must be reported publicly upon completion of a project; however, States may report more frequently at their discretion and in line with their own policies.

As a guide, public reporting on projects underway should include the participation target pursued for the project, and indicate the progress to date (on-track, not on-track, or met, not met):

- For projects that have met or exceeded participation targets, include key achievements, the factors that contributed to meeting targets, and where appropriate share lessons learnt.
- For projects where target are not on track or not met, a brief explanation of the reason(s) for targets not being met should be included, and where appropriate share lessons learnt.

This is intended to promote accountability and transparency, as well as consistency in reporting across all States so that progress can be measured effectively. It is up to States to decide the most appropriate channel to publicly report this information, for example on the relevant

government agency website or through their respective COAG channels, noting States may already have reporting requirements in place under their own policies.

Prior to public reporting, States should undertake appropriate consultation with relevant Indigenous stakeholders and contractors, and observe the principles of respect and appropriateness, and protect the privacy of individuals.

As part of the final project report, States will be required to confirm that public reporting requirements have been met.

5. Review

The Framework will be reviewed in line with reviews being undertaken by the broader Department of Infrastructure, Transport, Regional Development and Communications (for instance, to align with the planned reviews of the Indigenous Employment and Supplier Use Infrastructure Framework related to the National Partnership Agreement on Land Transport Infrastructure Projects, on which this Framework is based).

A review of the Framework will seek to test:

- its effectiveness in delivering increased Indigenous employment and supplier-use, including whether targets are becoming higher or more ambitious over time
- lessons learned and how these could be incorporated into future design of the Framework
- any implications in terms of project delivery including value for money
- adequacy and efficiency of monitoring, reporting and accountability arrangements
- adequacy of supply-side supports in place to enable governments and industry to meet targets.

The outcomes of the review should inform the need for any changes to the design and implementation of the Framework, and the need for any additional or different supply-side supports. The review provides an opportunity for evidence-based analysis of the Framework's impacts in terms of benefits and any costs, drawing on actual project data.

The review would be led by the Australian Government, in consultation with State governments, industry and Indigenous representative bodies.

5.4 Appendix D – Indigenous Participation Plan

PROJECT NAME:

FUNDING RECIPIENT:

This Plan will be submitted to the Australian Government prior to commencing the formal tender process.

<p>Before you begin: This Plan should be developed in conjunction with the requirements under the Indigenous Employment and Supplier-Use Water Infrastructure Framework (the Framework).</p>	Scope for Indigenous participation (mandatory)
	<p><i>The Australian Government requires State and Territory Governments (herein States) to identify a range of potential opportunities to Indigenous job-seekers and businesses across the infrastructure construction supply chain.</i></p> <p>1. Provide an overview of the project phases and project delivery roles (i.e. primary roles, skills and capabilities) targeting Indigenous Participation in the delivery of this project.</p> <p><i>[E.g. Indigenous participation will target the delivery of earthworks to prepare the project site. The primary roles targeting Indigenous participation to deliver this phase include the servicing and operation of heavy machinery and entry-level traffic management positions to divert traffic flows from the project site. These roles require on the job work experience and license to operate and/or service heavy machinery and equipment.]</i></p>

<p>‘Local first principle’: States are encouraged to offer employment and business opportunities to the Indigenous Australians local to the area.</p> <p><i>In determining ‘local’ and ‘locality’ States may consider Indigenous communities’ connection to land and country, formal local government definitions</i></p>	Setting an Indigenous participation target (mandatory)
	<p><i>In order to have funding formally approved and released, the Australian Government requires that an Indigenous participation target is set with reference to the local Indigenous working age population figure for the relevant region/project locality, and consistent with the ‘local first principle’ of the Framework.</i></p> <p>2. What is the definition of ‘local’ for this project phase?</p>

and proximity to the project. Determining the 'Local Indigenous working age population'

Once 'local' has been defined for the project, the local Indigenous working age population is the number of Indigenous peoples aged between 15-64 years of age as found by the Australian Bureau of Statistics (ABS) most recent Census data available – look for Indigenous and Torres Strait Islander Peoples' community profiles.

- Using the ABS Census data (or equivalent), determine the local Indigenous working age population figure for the project, and set the Project's Indigenous participation target (*double click on the excel table to open, click anywhere on document to exit*)

What is the local Indigenous working age population figure in the locality?	0
What is the total working age population (non-Indigenous and Indigneous) figure in the locality?	0
The Participation Target the Project will aspire to achieve is: #DIV/0!	

Equation 1 : “Defined Local Indigenous Working Age Population figure” is divided by the “Defined Total Local Working Age Population figure” and is then multiplied by 100 to express it as a percentage.

Adjusting Participation Targets (required if not adopting the target calculated at Question 3, otherwise go to Question 6).

Targets can be adjusted up or down depending on a range of factors, for consideration by the National Water Grid Authority. Where the proposed target is significantly lower than the local Indigenous working age population, States must complete this section, and demonstrate through market sounding, research and consultation with relevant government agencies, including written advice from the Regional Network of the National Indigenous Australians Agency, that a lower target is required.

- What is the proposed adjusted participation target?
- Explain the rationale for the adjustment and variations on the Indigenous participation target (calculated at Question 3) with reference to at least one of the factors listed below (as applicable):
 - the local employment market, including in terms of the number of Indigenous businesses, workers and job seekers, and their relevant skills, capabilities, qualifications and training;

- the scale, value and location of the project, and skills and capabilities required to deliver the project;
- the availability of supply-side services to support the meeting of any targets and assist in building the capacity of Indigenous businesses and job-seekers to take up opportunities; or
- existing state and territory policies and/or targets.

[E.g. the Indigenous working age population in the defined local area is 12 per cent. The proposed project is situated in a semi-remote area and the majority of work requires complex and diverse skillsets and tertiary project management qualifications. The skills are not widely available in the local area and supply-side supports are limited. It is estimated that an Indigenous participation target of 7 per cent, consisting of 3 per cent FTE positions and 4 per cent contract value for Indigenous businesses would be achievable in this delivery context.]

6. Provide the Indigenous participation target for the life of the project¹ and include a breakdown of the employment² and supplier-use³ component towards the target⁴.

[E.g. a participation target of 10 per cent comprises 3 per cent FTE positions and 7 per cent of total contract value for Indigenous businesses].

7. Explain how the community will be made aware of opportunities under this project, and outline prospects for long-term capability development.

[E.g. the State will advertise opportunities in the local media and look at opportunities for the Indigenous workforce/businesses to undertake commercial scaffolding, painting and finishing].

¹ The 'life of the project' timeframe should correspond with the project phases identified at Question 1.

² The number of full-time employee (FTE) positions or equivalent hours undertaken by Indigenous employees.

³ Supplier-use is the percentage of the total contract value to be awarded to Indigenous businesses.

⁴ The target can be met through an employment component, a supplier-use component or a combination of both. There is no specified minimum for either of these components.

Developing a 'supply-side' strategy

The success of Indigenous Participation Plans may rely on the availability and whole-of-government coordination of appropriate supply-side supports to ensure an increase in the demand for Indigenous labour and business services is able to be met by a suitably skilled and qualified workforce.

Contact the **National Indigenous Australians Agency** on **1800 079 098** for help with tailoring a supply-side strategy for the project.

Supply side supports and engagement with Indigenous Stakeholders (mandatory)

Achievement against Indigenous participation targets may rely on the availability of appropriate supply-side supports. Funding Recipients should identify the supply-side supports required to meet the project's Indigenous participation requirements and engage early with government agencies. States should consult a representative Indigenous body, for example, an Indigenous land council or an Indigenous advisory council to address any identified barriers to supply-side supports.

8. Outline the supply-side supports required to engage Indigenous job-seekers and businesses in the project locality.

[E.g. Indigenous Business Australia and Supply Nation portals were used to identify Indigenous businesses that could undertake earthworks to prepare the site for construction. The local job service provider (include name) was contacted to identify Indigenous job-seekers willing to apply for entry-level traffic management roles].

9. Detail any engagement to date (or expected in future) with the National Indigenous Australians Agency, including its Regional Network Offices,⁵ and the Commonwealth Department of Education, Skills and Employment.⁶
10. Detail any engagement to date (or expected in future) with other government (e.g. state/territory agencies/service providers) or non-government services (e.g. employment or training providers, and representative Indigenous bodies, including local land councils).

Risks and mitigation strategies (optional)

11. List the key risks and mitigation strategies that may affect the achievement of the Indigenous participation target.

Risk 1	Mitigation or treatment
Risk 2	Mitigation or treatment
Risk 3	Mitigation or treatment

⁵ The National Indigenous Australians Agency regional networks and contact details are available at: <https://www.niaa.gov.au/who-we-are/contact-us>

⁶ The Commonwealth Department of Education, Skills and Employment have a range of employment programs to assist job-seekers and businesses: <https://www.employment.gov.au/>

5.5 Appendix E – Project Completion Report Template



<Project Name>

Project Completion Report

<Prepared by>

<Date>

PHOTO PLACEHOLDER.

To change this photo, right click and select "Change picture » From file...".

Navigate to your preferred image and click OK.

The new image may need to be resized or cropped to suit the area.

You may also delete this photo placeholder if a photo is not relevant or required.

Executive Summary

- <This should serve as a snapshot, including: project description, project objectives, total cost, and key outcomes. This should be high-level, as greater detail will follow in sections below. >

Background

- <Overview of project context (geography, industry, water availability/uses, and reason for infrastructure investment, etc.), project scope, funding source, project delivery arrangements, maps, etc.>

Project Objectives and Outcomes

- <Outline project objectives and outcomes, as outlined in Bilateral Schedule, and an assessment of whether achieved outcomes align with commitment. If discrepancies exist, include explanation for why.>
- <Where possible, please also complete benefits table below, detailing expected and actual outcomes, or N/A where applicable (delete rows where not relevant). Note that some fields are included in the biannual NWGF reporting metrics. >

Benefit Area	Benefit indicator and units	Expected	Actual
Water availability	Increased storage capacity (ML)		
	Increased water yield (ML p/a)		
	Increased water allocation licences (total ML)		
	Ongoing annual increase in water (ML) available for productive use		
Agricultural	Increased irrigable land and new areas serviced (ha)		
	Types of agriculture that will benefit		
Primary industries	Existing primary industries supported		
	New primary industries attracted/supported		
Connections and service delivery	Improved water allocation reliability		
	Increased number of customers/properties connected to water supply		
	New area serviced by project (ha)		
	Average time savings for reduced water carting (average annual hours)		
Production	Increased Gross Regional Product (GRP) (\$)		
	Increased production (\$)		
Construction Jobs	Number of direct jobs supported by the project during the construction phase of the project (average per annum Full-Time Equivalent (FTE))		
	Number of indirect jobs supported by the project during the construction phase of the project (average per annum FTE)		
	Number of trainee/apprentice positions supported during the construction phase of the project (average per annum FTE)		

Benefit Area	Benefit indicator and units	Expected	Actual
	Number of direct or indirect jobs supported for Indigenous Australians during the construction phase of the project (average per annum FTE) <required for projects totalling \$7.5 million or more>		
Operations Jobs	Number of direct jobs supported by the project during the operational phase (average per annum FTE)		
	Number of indirect jobs supported by the project during the operational phase (average per annum FTE)		
Cultural water opportunities	Water availability for cultural water opportunities in line with Indigenous communities needs and aspirations		
Social benefits	For example, may include an element of firefighting connections or recreational (sporting fields) connections		
Environmental benefits	For example, may include an element of environmental water allocations or protection of natural watercourses including wetland areas		
Economic benefits	Ongoing annual increase in gross value of agricultural and industrial production (\$)		
Other	<Any other benefits relevant to the project.>		

Long Term Benefits <optional>

- <Overview of estimated future benefits or project benefits that may be realised over a longer period of time. This should include benefits that are not accountable at this time but are expected to contribute to the economic, social or environmental outcomes from the project.>

Financial Summary

- <Statement of final project costs, breakdown of project costs, funding contributions, and an explanation for discrepancies between initial cost estimate and final cost.>
- <Overview of project proponent and procurement process undertaken.>
- <Complete contribution table below.>

Contributors	Committed amount (\$)	Actual contribution (\$)
Australian Government		
State Government		
Local Government (if applicable)		
Other non-government entities (if applicable)		
Total		

- <If unclear, please explain how any cost increases were funded.>

Key Challenges and Learnings

- <Discussion of any key challenges or lessons learned related to project. This may include matters such as: environmental or cultural heritage approvals, construction, procurement, etc. If applicable, include discussion of variations to project delivery, and how these changes still adhered to requirements outlined in Bilateral Schedule.>
- <Include relevant information on related projects and/or future opportunities.>

Future Opportunities <optional>

- <Does this project present potential opportunities for further water infrastructure projects, including business cases or science projects?>

Other <optional>

- <Any other information you would like to include (eg. community engagement, environmental approvals, etc).>

Images

- <Annotated images prior to, during, and at the conclusion of the project's construction.>