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DEPUTY PREMIER’S MESSAGE

NSW communities depend on access to clean, reliable and affordable water, and waste-water infrastructure that meets environmental and health standards.

The NSW Government understands the importance of having adequate and contemporary water and waste-water services in regional communities, and the pivotal role they play in regional prosperity and long-term growth.

This Government’s commitment to regional water issues and security of supply is something we take very seriously.

In 2014 we initiated ‘Water Security for Regions’ – a $366 million program under the Restart NSW fund to assist communities prepare for future droughts. Projects including augmenting dams, pipeline and bore works and water efficiency mechanisms are being funded to help farmers and regional industries deal with drier conditions.

Furthering our commitment to regional water and waste-water needs, in October 2016 the NSW Government provided $110 million for a range of infrastructure upgrades to help clear a backlog of water and sewerage projects in regional areas.

The recent launch of the $1 billion Safe and Secure Water Program is another key component of the NSW Government’s commitment to regional water issues and security of supply.

Secure water supplies and adequate wastewater services are vital for both residential and commercial activities alike – these fundamentals are paramount to make our regional communities vibrant and viable places to live and do business.

Through the Safe and Secure Water Program the NSW Government is pleased to support regional communities and help foster increased economic and social outcomes across NSW.

John Barilaro
Deputy Premier
MINISTER’S MESSAGE

Access to safe and secure water supply and sewerage services is fundamental for the health and wellbeing of regional communities and for regional growth and investment.

Across regional NSW, 1.9 million people living in more than 500 urban communities depend on safe, secure, affordable and sustainable water and sewerage services.

Secure water also supports agriculture and other industries that drive economic growth in regional NSW.

The Safe and Secure Water Program is a $1 billion NSW Government co-funding program through Restart NSW, which will target water and sewerage projects in regional NSW to ensure infrastructure meets contemporary standards for water security, public health, environmental and safety outcomes into the future.

The Program will provide co-funding to successful applicants such as local councils, water utilities, water corporations and prescribed dam owners for detailed planning and construction activities to install, augment or decommission water and sewerage infrastructure.

Everyone in NSW deserves access to reliable and high-quality water and the Safe and Secure Water Program has been established to enable communities to reach their potential.

This new program includes the existing Rebuilding NSW commitment for the Broken Hill Water Supply project.

The Safe and Secure Water Program will prioritise key water infrastructure projects - from local drought backup systems through to new or upgraded dams to secure water supplies for our regions.

The NSW Government will draw on an innovative new catchment-wide framework to guide the prioritisation of projects based on security of supply, health and infrastructure risks and emerging issues that can impact on supply and demand.

Regional councils, water utilities, water corporations, and prescribed dam owners are invited to apply for funding under the Safe and Secure Water Program.

The NSW Government encourages proponents to work together through their relevant regional organisations to identify projects that involve more than one LGA and/or have been identified as regional priorities. Proposals should also seek to maximise co-investment by the applicant and potentially, by the Commonwealth or other industry contributions.

With Expressions Of Interest submissions now open, I encourage water authorities in regional NSW to work together and bring their best ideas to the table.

Niall Blair
NSW Minister for Regional Water
OVERVIEW

The Safe and Secure Water Program (SSWP) has been established under the NSW Government’s Restart NSW fund, which was set up to improve economic growth and productivity in NSW.

The program will fund eligible water and sewerage projects that will deliver public health, environmental and/or social benefits to regional communities.

The Safe and Secure Water Program supports one of the key strategic objectives of the NSW Government, as highlighted in the State Infrastructure Strategy; Support the critical needs of regional industries and communities by ensuring water security and quality of supply.

How can my organisation submit an EOI

Eligible proponents should complete the ‘SSWP EOI Application Form’ available on the Department of Primary Industries – Water (DPI Water) website at www.water.nsw.gov.au/sswp

Completed forms and all necessary material must be emailed to the Safe and Secure Water Program team at DPI–Water.

Email: sswp.water@dpi.nsw.gov.au
Telephone: (02) 6763 1401

EOI’s can be submitted at any time until further notice. Always check that you have the most up-to-date guidelines and application form by checking on the DPI Water website.

Incomplete applications or applications that use a format other than the prescribed form will not be assessed.

Key SSWP dates will be updated on the DPI Water website as details become available.

The Safe and Secure Water Program provides $1 billion funding for water and sewerage infrastructure projects in regional NSW. The Program is funded from the Restart NSW fund and is scheduled to run for 10 years or until all funding is committed.

DPI Water is the lead agency for the Program and is responsible for the initial assessment of the applications, providing technical advice and support to Infrastructure NSW for the monitoring and evaluation of the overall program and individual projects. Those applications which are selected to proceed will be formally considered by Infrastructure NSW under the Restart NSW Fund Act 2011. They will in turn make recommendation to the Treasurer, again under the terms of the Act. Successful proponents will be required to enter into funding deeds with the Treasurer which will set the terms and conditions of funding.
ELIGIBILITY

Who can apply

Applications are invited from:

» local councils, Regional Organisation of Councils, joint organisations
» local water utilities
» water corporations
» prescribed dam owners as defined in the Dams Safety Act (NSW)

The NSW Government encourages proponents to work together through their relevant regional organisations to identify projects that involve more than one Local Government Area (LGA) and/or have been identified as regional priorities.

Applications involving public-private partnerships or leveraging other funding streams (such as Commonwealth, NSW or local government funding) are encouraged.

Projects that are eligible for funding

Projects that consider innovative approaches to solving water and sewerage infrastructure solutions are encouraged and will be favourably considered.

Projects that will be considered for funding must align with one of the following categories:

» **Town water security** - Local water utilities need to respond to the pressures of climate variability, provision of environmental flows, and contemporary standards.

» **Catchment-scale water security solutions** - Projects that deliver water security for multiple beneficiaries across a catchment or catchments are eligible for consideration.

» **Drinking water quality and wastewater management projects** - Effective water supply and sewerage services that meet contemporary standards and regulatory requirements are key factors for the protection of public health in regional communities.

» **Safety of high-risk dams** - There are a small number of dams prescribed in the Dams Safety Act where the risk to public safety and other community interests are classified as above the ‘limit of tolerability’. Repair or decommissioning of eligible dams will be considered for funding.

Projects that are **not** eligible for funding

The following projects will not be eligible for funding under the Safe and Secure Water Program.

» flood mitigation projects
» projects primarily for water recreation
» projects not directly and predominately contributing to water or sewerage services or the safety of prescribed dams
» projects involving land purchase only
» projects with exclusive private benefits
projects from the Greater Sydney metropolitan area, Greater Newcastle metropolitan area, or Wollongong and surrounds as defined by NSW Department of Planning and Environment

- projects exclusively within the areas of operation of Sydney Water and Hunter Water
- Metropolitan dam safety projects
- Operation Maintenance and Administration costs (OMA or recurrent costs) except under exceptional circumstances

FUNDING ARRANGEMENTS

The Safe and Secure Water Program aims to achieve the best outcomes for the communities of regional NSW by seeking co-investment from proponents and third parties.

Grants available

Restart NSW funding is available for the three project phases below:

- scoping study phases
- business case phase
- construction phase

Funding limitations

- Funding for one project phase does not automatically qualify the project for funding for a subsequent phase.
- It is expected that a funding deed will be signed within six months of an offer of funding. If the proponent is unable to commit to a funding deed within that timeframe, the funding offer may be withdrawn.
Funding calculation

Restart NSW funding for both planning and construction phase projects will be calculated based on the annual revenue of the proponent as detailed below. Additional funding will be considered for hardship cases, or when an economic analysis shows that a higher level Government contribution is justified to maximise public benefits.

<table>
<thead>
<tr>
<th>Annual Revenue of Proponent</th>
<th>Safe and Secure Water Program Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $20m</td>
<td>Up to 25%</td>
</tr>
<tr>
<td>$5m to $20m</td>
<td>Up to 50%</td>
</tr>
<tr>
<td>&lt; $5m</td>
<td>Up to 75%</td>
</tr>
</tbody>
</table>

Note: for local water utilities, revenue is defined in the NSW Water and Sewerage Performance Monitoring Report published annually by DPI Water. The revenue shown above is for combined water and sewerage. Where an organisation provides either water or sewerage services only, the annual revenue amounts shown are reduced by 50%.
HOW TO APPLY

Applications for funding follow a two-stage process.

Stage 1 – Expression of Interest

All proponents are required to complete an Expression of Interest (EOI) application form providing basic information to describe the project. EOI application forms are available at: www.water.nsw.gov.au/sswp

Please ensure that you have read these guidelines and the Frequently Asked Questions sheet to establish whether your project is eligible before applying.

Stage 2 – Detailed application

Proponents whose applications are assessed to meet Program criteria at the EOI stage will be invited to submit a detailed application. Information requirements and evaluation criteria for detailed applications will depend on the type of project proposed.

An outline of the type of information required at the ‘detailed application phase’ is provided in Appendix 1. Additional details will be provided when detailed applications are invited.

Information sessions

DPI Water will host regional information sessions that will be aimed at providing advice and assistance to prospective proponents. Further advice to proponents is available on request.

See www.water.nsw.gov.au/sswp for the most recent information on dates and locations.
ASSESSMENT PROCESS

The assessment process has two stages:

Stage 1 – Expression of Interest (EOI) assessment

EOI applications will be assessed by a Technical Review Panel, chaired by DPI Water.

The EOI assessment phase will provide a high level review of eligible projects that will determine which projects should proceed to the detailed application stage.

EOI’s will be assessed on the whether the project is eligible and whether the need for the project is adequately described in the application form.

Stage 2 – Detailed application assessment

Proponents shortlisted at the EOI Stage will be requested to provide further information as part of the detailed application stage.

In general, detailed applications will be assessed against criteria based on the affordability of the project, ability to deliver the project and the project’s contribution to improving economic growth and productivity in the State. In addition, projects will be subject to strategic and economic assessments, including a requirement for infrastructure projects to demonstrate a benefit cost ratio (BCR) greater than 1.

Proponents may be requested to clarify information during the detailed application assessment process.

Detailed applications will be assessed by a Technical Review Panel, chaired by DPI Water. Recommended projects will then be formally reviewed by Infrastructure NSW in accordance with the Restart NSW Fund Act 2011 before making any final funding recommendations to the Treasurer.

Some of the key principles that will be considered as part of funding decisions are summarised in Appendix 2.
PROGRAM ADMINISTRATION

Confidentiality and disclosure

All information submitted by the proponent may be provided to other organisations for the purposes of appraisal.

Summary information about the project applications will be posted on NSW Government websites unless you advise that you do not agree to its publication.

Proponents should identify any information submitted which they wish to be considered as confidential, supported by reasons for the request. Except as disclosed, DPI Water and Infrastructure NSW will keep all information confidential and secure.

Any request made under the Government Information (Public Access) Act 2009 for access to an application, including information marked ‘confidential’ will be determined in accordance with the Act.

Unsuccessful proposals

Project proponents will be notified in writing where an EOI is ineligible or unsuccessful. Proponents may contact DPI Water to obtain feedback on their EOI.

Complaint handling process

If a proponent is dissatisfied with the way an EOI has been assessed, they can contact the SSWP team at sswp.water@dpi.nsw.gov.au to register their concerns.

Probity

The NSW State Government is committed to ensuring that the process for providing funding under the SSWP is transparent and in accordance with published guidelines. The NSW Government intends to provide information sessions to councils intending to apply for funding. All information provided at the information sessions and any change or clarification of the guidelines will be published on the website at http://www.water.nsw.gov.au/urban-water/safe-secure

Responsibilities

DPI Water is the lead agency for the Program and is responsible for the initial assessment of the applications, providing technical advice and support to Infrastructure NSW for the monitoring and evaluation of the overall program and individual projects.

Infrastructure NSW will undertake the formal review of the projects submitted by DPI Water for Restart Funding and review projects greater than $10M as part of the Investor Assurance function.

Successful proponents will be required to enter into a funding deed with the NSW Treasurer, which will set the terms and conditions of funding. Infrastructure NSW is the Treasurers’ representative on funding deeds.

Proponents will be responsible for the preparation and submission of applications, compliance with funding deed agreements and progress reporting.

DPI Water will undertake a regular evaluation of the program, which will aim to improve the delivery of the subsequent phases. As part of this process, application requirements may change as the program evolves over time.
APPENDIX 1

Overview of requirements for a Stage 2 (detailed) application

<table>
<thead>
<tr>
<th>Project phase</th>
<th>Type of Information required to support a Stage 2 (detailed) application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Scoping Studies</td>
<td>» Clearly defined problem / project justification&lt;br&gt;» Statement of eligibility in accordance with the guidelines</td>
</tr>
<tr>
<td>Business Case Development</td>
<td>» Project scoping documentation such as needs assessment, feasibility study, and/or options assessment&lt;br&gt;» Demonstrated alignment with sound strategic planning, such as an Integrated Water Cycle Management (IWCM) strategy</td>
</tr>
<tr>
<td>Design and Construction</td>
<td>» Detailed Business Case that compares options including cost benefit analysis (CBA) showing a Benefit Cost Ratio (BCR) &gt; 1. Also would include items such as the following, where applicable - concept design for recommended option, environmental assessment, implementation timeframes, risk management and procurement approach, statutory approvals etc.</td>
</tr>
</tbody>
</table>

Information requirements for a detailed application for one of the above phases will be clarified when detailed applications are requested.
APPENDIX 2

Principles for funding infrastructure phases

Funding for construction of infrastructure works will be considered under the Safe and Secure Water Program where: the problem is adequately defined; all options have been adequately assessed; and, the choice of the preferred infrastructure option is appropriate and and the proponent can demonstrate a commitment to best practice management principles.

Growth

It is recognised that water and sewerage infrastructure is highly capital intensive, and must be designed to incorporate predicted future demand growth. However, proposed projects are expected to address minimum service needs such as security, reliability, quality and regulatory requirements, rather than just growth in demand.

Asset replacement

A fundamental aspect of best practice management is planning for replacement of assets based on total asset management and financial management principles. In general the SSWP will not fund ‘like for like’ asset replacement, unless the project is substantially for meeting minimum service needs such as security, reliability, quality and regulatory requirements, and the proponent can demonstrate why these needs could not be reasonably planned for.

Public benefit

The outcomes from the SSWP may result in both public and private benefits. In other words, each project will have outcomes that provide value to the broader community, which is considered a public benefit, and outcomes that provide a commercial benefit to the infrastructure manager/owner, which is considered a private benefit in this context. At the detailed application phase proponents will need to describe the public benefits expected to be delivered from the project to support the request for a funding contribution from the NSW Government.

As a minimum requirement, successful construction phase projects must show a benefit cost ratio greater than 1.