

NATIONAL PARTNERSHIP AGREEMENT ON SOUTH AUSTRALIAN RIVER MURRAY SUSTAINABILITY PROGRAM – PART A

Council of
Australian
Governments

An agreement between

- n the **Commonwealth of Australia** and
- n **South Australia**

This Agreement will contribute to South Australia implementing the Murray-Darling Basin water reforms in the national interest of a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.

Part A of the South Australian River Murray Sustainability Program consists of three elements: irrigation efficiency, water purchase, and regional economic diversification.

National Partnership Agreement on South Australian River Murray Sustainability Program – Part A

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

1. This National Partnership agreement (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.
2. In entering this Agreement, the Commonwealth and South Australia recognise that they have a mutual interest in working together to deliver water reform outcomes in South Australia in the context of implementing the Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin.
3. This Agreement, will contribute to the implementation of the South Australian River Murray Sustainability Program. The program will support South Australia's contribution to a healthy working Murray-Darling Basin, including a healthy environment, strong communities and a productive economy, through implementation of the Murray-Darling Basin Plan (the Basin Plan) and associated reforms and initiatives.
4. This Agreement sets out arrangements for the delivery of three elements of the South Australian River Murray Sustainability Program:
 - (a) South Australian River Murray Irrigation Efficiency (Schedule A);
 - (b) South Australian Government Water Purchase (Schedule A); and
 - (c) South Australian Regional Economic Development (Schedule B).
5. A separate National Partnership agreement, the National Partnership Agreement on South Australian River Murray Sustainability Program – Part B, sets out arrangements for delivery of the irrigation industry assistance element.
6. Commonwealth funding under this Agreement or elements of this Agreement is not anticipated to have an impact on ongoing service levels.
7. This Agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage (for example, the reform commitments provided in the National Indigenous

Reform Agreement) and those commitments are embodied in the objectives and outcomes of this Agreement.

PART 1 – FORMALITIES

Parties to this Agreement

8. This Agreement is between the Commonwealth of Australia (the Commonwealth) and South Australia (the State).

Term of the Agreement

9. This Agreement will commence as soon as the Commonwealth and South Australia sign the Agreement and will expire on 30 June 2018, or on completion of the project, including the acceptance of final performance reporting and processing of final payments against project milestones. The Agreement may be terminated earlier or extended as agreed in writing by the Parties.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

10. The Parties aspire to implementing the Murray-Darling Basin water reforms in the national interest of a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.

Outcomes

11. This Agreement will facilitate achievement of the following outcomes:
 - (a) improved water efficiency of irrigation operations in South Australia;
 - (b) transition to sustainable diversion limits (SDLs) in the Murray-Darling Basin consistent with Basin Plan requirements;
 - (c) transfer of water access entitlements to the Commonwealth for environmental use; and
 - (d) creation of opportunities for economic diversification and regional development for Basin communities in South Australia.

Outputs

12. The objectives and outcomes of this Agreement will be achieved by:
 - (a) the establishment and implementation of fair, transparent and competitive processes for the distribution of any funding with robust governance arrangements and appeals processes.
 - (b) a minimum of 36 gigalitres of long term average annual yield 'gap bridging' water from the South Australian River Murray Prescribed Watercourse, as South Australian River Murray Class 3 water access entitlements or equivalent 'gap bridging' water as agreed with the Murray Darling Basin Authority will be returned to the Commonwealth in accordance with set milestones through:
 - i. delivery of an \$80.0 million grant program by South Australia to support improvements to efficiency of delivery and use of water by irrigation water

- providers and irrigators that have an entitlement to extract water from the South Australian River Murray Prescribed Water Course. This will deliver at least 16.8 gigalitres of long term average annual yield 'gap bridging' water in the form of Class 3 (or equivalent) South Australian River Murray Prescribed Watercourse water access entitlements (equal to at least 50 per cent of water savings realised through investment of public funds in output 12(b)) being returned to South Australia, to be consolidated and transferred by South Australia to the Commonwealth; and
- ii. delivery of a \$40.0 million South Australian Government water access entitlement purchase program to secure, at market price, at least 19.2 gigalitres long term average annual yield 'gap bridging' water in the form of Class 3 (or equivalent) South Australian River Murray Prescribed Watercourse water access entitlements that will be transferred to the Commonwealth to 'bridge the gap' to SDLs consistent with Basin Plan requirements. The water purchase program must be administered separately from any industry assistance measures;
- (c) delivery of the South Australian Regional Economic Development Element with respect to:
- (i) a \$7.5 million grant to South Australia to redevelop the Loxton Research Centre to support regional development;
 - (ii) a \$5.0 million industry-led applied research grants program to improve regional productivity and innovation, associated with the Loxton Research Centre; and
 - (iii) a \$12.5 million regional development and innovation competitive grants program to support employment opportunities or economic diversification within the region.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

13. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

Role of the Commonwealth

14. The Commonwealth agrees to be accountable for the following roles and responsibilities:
- (a) providing a financial contribution to South Australia to support the implementation of this Agreement;
 - (b) monitoring and assessing the performance in the delivery of milestones under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe;
 - (c) if it becomes necessary during the life of the program, facilitating a suitable transfer of funding from the South Australian River Murray Irrigation Industry Assistance Element funded under the separate National Partnership Agreement on South Australian River Murray Sustainability Program – Part B to the South Australian River Murray Irrigation Efficiency Element and/or South Australian Water Purchase Element to ensure the return of 36 gigalitres long term average annual yield water entitlements to the Commonwealth;
 - (d) in accordance with the *Fair Work (Building Industry) Act 2012*, ensuring that financial contributions to a building project or projects as defined under the *Fair Work (Building Industry – Accreditation Scheme) Regulations 2005*, are only made where a builder or

builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted; and

- (e) ensuring that compliance with the Building Code 2013 is a condition of Australian Government funding.

Role of South Australia

- 15. South Australia agrees to be accountable for the following roles and responsibilities:
 - (a) establishing and implementing fair, transparent and competitive processes for the distribution of any funding to industry with robust governance arrangements and appeals processes. Such processes must enable applicants to participate in the South Australian River Murray Irrigation Efficiency and/or South Australian Water Purchase Elements only, if they choose;
 - (b) undertaking technical due diligence, as part of any assessment processes, in relation to applications received for funding under the South Australian River Murray Irrigation Efficiency Element to ensure water savings are feasible from the proposed works, and that the works are properly costed and fit-for-purpose;
 - (c) developing a process agreed with the Commonwealth for ensuring proposed grant recipients have not received Commonwealth funding for the same purpose under another funding program;
 - (d) maintaining a clear separation, both in reporting and in accountability terms, between the distinct streams of funding for each element outlined in clause 4 above and for any element funded under the separate National Partnership Agreement on South Australian River Murray Sustainability Program – Part B;
 - (e) providing regular financial and activity reporting to the Commonwealth against the streams of funding described in Schedules A and B including summary reports detailing funding provided to individual projects implemented by third parties as well as direct state expenditure;
 - (f) implementing measures to ensure the return of 36 gigalitres long term average annual yield water to the Commonwealth;
 - (g) committing any Commonwealth funds disbursed through elements of the program within Commonwealth specified annual funding limits;
 - (h) conducting the South Australian Water Purchase Element as a separate procurement process compliant with procurement policies of the South Australian government, acquiring Class 3 South Australian River Murray Prescribed Water Course water access entitlements at no more than the prevailing average market price;
 - (i) monitoring and assessing the performance in the delivery of each element of the South Australian River Murray Sustainability Program described in Part 4;
 - (j) delivering on outcomes and outputs assigned to South Australia for implementation;
 - (k) reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Monitoring and Reporting;
 - (l) where relevant, ensuring that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme are contracted, and providing the necessary assurances to the Commonwealth;

- (m) in accordance with the *Fair Work (Building Industry) Act 2012*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2005, are only made where a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted;
- (n) ensuring that compliance with the Building Code 2013 is a condition of Australian Government funding; and
- (o) ensuring all third party contractual arrangements require successful applicants to comply with all applicable laws and regulations (including, but not limited to, planning, environmental, occupational health and safety, building and regulatory approvals), in particular the *Environmental Protection and Biodiversity Conservation Act 1999 (Cth)* and the *Native Title Act 1993 (Cth)* and *Natural Resources Management Act 2004 (SA)*, and all applicable Australian standards.

Shared roles and responsibilities

- 16. The Commonwealth and South Australia share the following roles and responsibilities:
 - (a) participating in consultations as appropriate regarding the implementation of this Agreement;
 - (b) negotiating new or revised Schedules, including Implementation Plans, to this Agreement; and
 - (c) conducting evaluations and reviews of services and outputs delivered under this Agreement, including undertaking a review in the 2015-16 financial year as set out in clause 32 of this Agreement.
- 17. The Parties will meet the requirements of Schedule E, Clause 26 of the Intergovernmental Agreement on Federal Financial Relations, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under an Implementation Plan, and that the roles of both Parties will be acknowledged and recognised appropriately.

Implementation Plans

- 18. The Commonwealth and South Australia may agree Implementation Plans that will set out the framework to be established by South Australia for it to assess eligibility and merit criteria for allocating grants under elements outlined in clause 4.

PART 4 – PERFORMANCE MONITORING AND REPORTING

- 19. South Australia is required to:
 - (a) maintain a clear separation, in reporting and accountability terms between the individual streams of investment for the elements described in clause 4 and between activities funded under the separate National Partnership Agreement on South Australian River Murray Sustainability Program – Part B;
 - (b) provide summary reports detailing funding provided to individual projects implemented by third parties including: a description of each project funded; location of each project; each grant recipient's identity; trading name; and Australian Business Number (where applicable); and

- (c) provide financial reports detailing all program expenditure as at the report date, separated against each of the three funding streams under this Agreement (and outlined in Schedules A and B) including a separation of state administrative costs used against each of the funding streams.

Performance indicators

- 20. Achievement of the objectives and outcomes of this Agreement will be informed with reference to the following performance indicators:
 - (a) evidence of industry and community participation, changed practices or investment that lead towards economic diversification and regional development for Basin communities in South Australia;
 - (b) projects under the South Australian River Murray Irrigation Efficiency Element will return at least 50 per cent of water savings to the Commonwealth at a project value of no more than 2.5 times the prevailing average market price of water access entitlements recovered;
 - (c) water will be purchased under the South Australian Government Water Purchase Element at no more than the prevailing average market price to the annual limit of funding provided for the element by the Commonwealth as outlined in Schedule B;
 - (d) the South Australian River Murray Irrigation Efficiency and the South Australian Government Water Purchase elements will together secure the return of 36 gigalitres of gap bridging long term average annual yield equivalent as high security water access entitlements as described in Table 1; and

Table 1 - South Australian water return to Commonwealth by financial year

South Australian River Murray Irrigation Efficiency and South Australian Government Water Purchase Elements	
Financial Year	Long Term Average Annual Yield Water (GL)
2013-14	6.03
2014-15	12.09
2015-16	11.70
2016-17	6.18
TOTAL	36.0

- (e) evidence of improved irrigation efficiency in the South Australian Murray region.

Milestones

- 21. Achievement of the outcomes and outputs of this Agreement will be measured by the milestones outlined at Schedules A and B to this Agreement.

Reporting arrangements

- 22. South Australia will report against the agreed performance indicators and performance milestones as detailed in Schedules A and B to this Agreement.
- 23. South Australia will submit to the Commonwealth a final Program Report for each Schedule within 90 days prior to the expiry of the Agreement. The Final Report will be a stand-alone

document that can be used for public information dissemination purposes regarding the Program. The final Program Report will:

- (a) describe the conduct, benefits and outcomes achieved by each element described in clause 4 of this Agreement;
- (b) evaluate the extent to which the objectives have been achieved against the key performance benchmarks and indicators contained in this Agreement and any Implementation Plans developed over the period of the Program, and explaining why any aspect was not achieved; and
- (c) include a discussion of any other matters relating to the delivery and uptake of each element described in clause 4 of this Agreement to enable effective assessment of performance.

PART 5 – FINANCIAL ARRANGEMENTS

Financial contributions

24. The Commonwealth's estimated financial contribution to South Australia in respect of this Agreement will be \$145.0 million.
25. The Commonwealth's funding contribution will not be reduced where South Australia secures funding from other activity partners through innovative and collaborative partnerships.
26. The Commonwealth's and South Australia's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to South Australia paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Schedules A and B.
27. Subject to the outcome of the review referred to in clause 32 of this Agreement, agreement from relevant Commonwealth Ministers may be sought to enable funding to be transferred from the separate National Partnership Agreement on South Australian River Murray Sustainability Program - Part B to fund additional activities under elements described in clause 4 to this Agreement to ensure the return of 36 gigalitres of water to the Commonwealth as specified in this Agreement.

Project management risk

28. Having regard to the agreed estimated costs of delivering the elements of this Agreement, South Australia will not be required to pay a refund to the Commonwealth if the actual cost of the element is less than the agreed estimated cost of the element. Similarly, South Australia bears all risk should the costs of an element exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for South Australia to deliver the elements cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

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

Review of the Agreement

30. In accordance with clause E23 of the IGA, this Agreement is time limited. To assess the degree to which the agreed objectives and outcomes and/or outputs have been achieved, and inform decisions regarding the appropriate treatment following its expiry, a review of the Agreement will be scheduled to be completed approximately 12 months prior to its expiry.
31. This Agreement is intended to provide Commonwealth funding on a one off basis to support the South Australian River Murray Sustainability Program as specified in clause 4. It is not anticipated that the Commonwealth will provide any further funding for these activities beyond the expiry of the Agreement.
32. A review of the Agreement will be undertaken in 2015-16 to ensure the agreed 36 gigalitres of long term average annual yield water from the South Australian River Murray Prescribed Watercourse, as South Australian River Murray Class 3 water access entitlements (or equivalent), to 'bridge the gap' to SDLs consistent with Basin Plan requirements, can be secured from the South Australian River Murray Irrigation Efficiency element and the South Australian Water Purchase element.

Variation of the Agreement

33. The Agreement may be amended at any time by agreement in writing by the Parties.
34. Either Party to the Agreement may terminate its participation in the Agreement at any time by notifying the other Party in writing.

Delegations

35. The relevant Commonwealth Minister with portfolio responsibility for water is authorised to agree and amend Schedule A, including Implementation Plans, to this Agreement and to certify that performance benchmarks specified under this Agreement have been achieved, so that related payments may be made.
36. The relevant Commonwealth Minister with portfolio responsibility for Regional Australia is authorised to agree and amend Schedule B, including Implementation Plans, to this Agreement and to certify that performance benchmarks specified under this Agreement have been achieved, so that payments may be made, in so far as they relate to the elements specified at clause 4 in this Agreement.
37. The relevant South Australian State Minister with portfolio responsibility for agriculture is authorised to agree and amend Schedules, including Implementation Plans, to this Agreement.
38. The relevant Commonwealth Minister may delegate the assessment of project-based performance benchmarks or milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

39. Either Party may give notice to the other Party of a dispute under this Agreement.
40. Officials of the Parties will attempt to resolve any dispute in the first instance.
41. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.
42. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to relevant First Ministers for consideration.

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

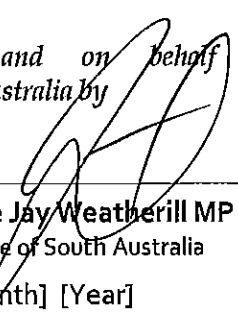
*Signed for and on behalf of the Commonwealth
of Australia by*



The Honourable Kevin Rudd MP
Prime Minister of the Commonwealth of Australia

[Day] [Month] [Year]
05 AUG 2013

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



The Honourable Jay Weatherill MP
Premier of the State of South Australia

[Day] [Month] [Year]
8 8 2013

South Australian River Murray Irrigation Efficiency and the South Australian Government Water Purchase Elements

NATIONAL PARTNERSHIP AGREEMENT ON SOUTH AUSTRALIAN RIVER MURRAY SUSTAINABILITY PROGRAM

PART 1: PRELIMINARIES

- A1 The purpose of this Schedule is to set out arrangements for the delivery of the South Australian River Murray Irrigation Efficiency and the South Australian Government Water Purchase elements of the South Australian River Murray Sustainability Program.
- A2 The South Australian River Murray Irrigation Efficiency and the South Australian Government Water Purchase elements will return 36.0 gigalitres of 'gap bridging' long term average annual yield water to the Commonwealth.
- A3 The South Australian River Murray Irrigation Efficiency and the South Australian Government Water Purchase Elements will be delivered as separate programs.

PART 2: FORMALITIES

- A4 This Schedule will commence as soon as the Commonwealth and South Australia sign the Agreement (in accordance with clause 9) and will expire on 30 June 2018.

PART 3: PROJECT ELEMENTS

- A5 The South Australian River Murray Irrigation Efficiency element will deliver competitively awarded grants to support on-farm and off-farm irrigation efficiency improvements.
- A6 The South Australian River Murray Irrigation Efficiency element will be conducted through fair, transparent and competitive grant processes for the distribution of any funding to industry with robust governance arrangements and appeals processes.
- A7 At least 50 per cent of water savings realised through the investment of public funds in this element will be returned to the State, to be consolidated and transferred by South Australia to the Commonwealth.
- A8 Water savings will be returned to the State (on behalf of Commonwealth) as the first milestone of any individual irrigation efficiency funding agreement (under \$5.0 million investment). For large projects approved for funding (greater than \$5.0 million investment) a staged water return to the State (on behalf of Commonwealth) may be scheduled for the project.

- A9 'Gap bridging' water savings of at least 16.8 gigalitres long term average annual yield are expected to be returned to the Commonwealth from the South Australian River Murray Irrigation Efficiency Element in the form of South Australian River Murray Class 3 water access entitlements.
- A10 Eligible activities for funding under the South Australian River Murray Irrigation Efficiency element include:
- (a) on-farm irrigation improvements. Funding for irrigators to improve irrigation systems to improve water delivery to crops and water management on farm.
 - (b) off-farm irrigation improvements. Funding for upgrades to off-farm irrigation delivery infrastructure.
- A11 Eligible activities under the South Australian River Murray Irrigation Efficiency Element will be subject to technical and legal due diligence assessment by Primary Industries and Regions South Australia (PIRSA), or other State Government agency delegated by South Australia to confirm the estimates of water savings, works proposed are properly costed and fit-for purpose and to determine the merit of funding.
- A12 Projects under the South Australian River Murray Irrigation Efficiency Element will return at least 50 per cent of water savings to the Commonwealth at a project value of no more than 2.5 times the prevailing average market price of water access entitlements recovered.
- A13 The South Australian Water Purchase Program Element will purchase water access entitlements from the South Australian River Murray Prescribed Water Course at the prevailing average market price to the annual limit of funding provided for the element by the Commonwealth as outlined in Table A1 of this Schedule.
- A14 The South Australian Water Purchase Program Element will use procedures compliant with procurement policies of the South Australian Government.
- A15 The South Australian Water Purchase Program Element will recover at least 19.2 gigalitres long term average annual yield 'gap bridging' water to the Commonwealth. The water will be supplied to the Commonwealth in the form of South Australian River Murray Class 3 water access entitlements.

PART 4: PROJECT MILESTONES

Table A1: Estimated financial contributions

(\$ million)	2013-14	2014-15	2015-16	2016-17	2017-18	Total ^(a)
South Australian River Murray Irrigation Efficiency Element	4.5	12.0	35.0	20.0	8.5	80.0
South Australian Government Water Purchase Element	9.5	17.0	10.0	3.5	0	40.0
<i>Estimated</i> total budget	14.0	29.0	45.0	23.5	8.5	120.0
<i>Estimated</i> National Partnership payment	14.0	29.0	45.0	23.5	8.5	120.0
Total Commonwealth contribution	14.0	29.0	45.0	23.5	8.5	120.0
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0	0.0

^(a) Schedule A provides \$120 million over 5 years for the South Australian River Murray Irrigation Efficiency element and the South Australian Government Water Purchase element. The National Partnership Agreement on South Australian River Murray Sustainability Program Part B provides \$120 million over six years from 2013-14 to 2018-19 to fund the South Australian River Murray Irrigation Industry Assistance element.

A16 In recognition of the upfront administrative and other costs of implementing the South Australia River Murray Irrigation Efficiency (SARMIE) and the South Australian Government Water Purchase Elements (SAGWP), the Commonwealth will provide a payment to South Australia of \$1.0 million when the Commonwealth and South Australia sign this Agreement.

A17 To qualify for additional payments, South Australia must meet the following milestones to the satisfaction of the Commonwealth:

Milestone	Date Milestone Report Due	Payment (\$ million)
Commonwealth acceptance of South Australia developed program guidelines, application processes and assessment criteria in relation to implementation of SARMIE and SAGWP and consultative processes to ensure no 'double dipping' of grant recipients	By September 2013	\$1.8
Commonwealth acceptance of a progress report (all progress reports must be compliant with clause 19 of this Agreement), demonstrating progress in relation to the implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams, and provide confirmation of the transfer of 2.0 gigalitres of long term average yield (GL LTAAY) water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By February 2014	\$5.2
Commonwealth acceptance of a progress report demonstrating progress in relation to the implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams, and provide confirmation of the transfer of 4.03 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By 1 May 2014	\$6.0

Commonwealth acceptance of a progress report demonstrating progress in relation to the implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams, and provide confirmation of the transfer of 4.03 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By December 2014	\$12.4
Transfer of 4.03 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By March 2015	\$13.0
Commonwealth acceptance of a progress report demonstrating progress in relation to the implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams. Transfer of 4.03 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By April 2015	\$3.6
Transfer of 1.0 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By September 2015	\$3.125
Commonwealth acceptance of a progress report demonstrating progress in relation to on implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams. Commonwealth acceptance of the report on the review of performance of SARMIE and SAGWP to meet the agreed water recovery target of 36GL of LTAAY. Transfer of 3.8 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth	By December 2015	\$19.1
Commonwealth acceptance of a progress report demonstrating progress in relation to implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams. Transfer of 6.9 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth.	By March 2016	\$22.775
Commonwealth acceptance of a progress report demonstrating progress in relation to implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams.	By July 2016	\$5.5
Commonwealth acceptance of a progress report demonstrating progress in relation to implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of the SARMIE and SAGWP funding streams. Transfer of 1.67 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth.	By December 2016	\$5.0
Transfer of 4.51 GL LTAAY water as an equivalent volume of Class 3 water access entitlements to the Commonwealth.	By March 2017	\$13.0
Commonwealth acceptance of a progress report demonstrating progress in relation to implementation of SARMIE and SAGWP. The Report must include the proportion of water derived under each of	By September 2017	\$3.25

the SARMIE and SAGWP funding streams.		
Commonwealth acceptance of a draft final report on the implementation of SARMIE and SAGWP. The Report must be in accordance with the requirements set out in clause 23 of this Agreement and include the proportion of water derived under each of the SARMIE and SAGWP funding streams.	By March 2018	\$3.25
Commonwealth acceptance of a final report on the implementation of SARMIE and SAGWP. The Report must be in accordance with the requirements set out in clause 23 of this Agreement and include the proportion of water derived under each of the SARMIE and SAGWP funding streams.	By 1 May 2018	\$2.0

South Australian Regional Economic Development Element

NATIONAL PARTNERSHIP AGREEMENT ON SOUTH AUSTRALIAN RIVER MURRAY SUSTAINABILITY PROGRAM

PART 1: PRELIMINARIES

- B1 The purpose of this Schedule is to set out the arrangements for the delivery of the South Australian Regional Economic Development Element delivered under the South Australian River Murray Sustainability Program.
- B2 The South Australian Regional Economic Development Element will be delivered as three sub-elements – redevelopment of the Loxton Research Centre; a program of industry led research; and a Regional Development and Innovation program.

PART 2: FORMALITIES

- B3 This Schedule will commence as soon as the Commonwealth and South Australia sign the Agreement (in accordance with clause 9) and will expire on 30 June 2017.

PART 3: PROJECT SUB-ELEMENTS

- B4 The redevelopment of the Loxton Research Centre sub-element will enable the facility to operate as the Riverland and Mallee Primary Producers' Business and Research Centre and support regional development.
- B5 The industry-led applied research sub-element will support industry-led applied research. South Australia will establish criteria to identify gaps in research not presently filled by Commonwealth, State and private investment in research and development to deliver this element.
- B6 The Regional Development and Innovation sub-program will deliver competitively awarded grants to support employment opportunities or economic diversification within the region. Firms which are holders of water access entitlements and/or are directly involved with irrigation will be not eligible for funding under this sub-program.

PART 4: PROJECT MILESTONES

Table B1: Estimated financial contributions

(\$ million)	2013-14	2014-15	2015-16	2016-17	2017-18	Total ^(a)
South Australian Regional Economic Development Element	7.0	9.0	7.0	2.0	0	25.0
<i>Estimated</i> total budget	7.0	9.0	7.0	2.0	0	25.0
<i>Estimated</i> National Partnership payment	7.0	9.0	7.0	2.0	0	25.0
Total Commonwealth contribution	7.0	9.0	7.0	2.0	0	25.0
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0	0.0

^(a) Schedule B provides \$25 million over 4 years for the South Australian Regional Economic Development element. The National Partnership Agreement on South Australian River Murray Sustainability Program Part B provides \$120 million over six years from 2013-14 to 2018-19 to fund the South Australian River Murray Irrigation Industry Assistance element.

B7 To qualify for the associated payment, South Australia must meet the following milestones:

Milestone	Date Milestone Report Due	Payment (\$ million)
Redevelopment of Loxton Research Centre		
Acceptance by the Commonwealth of the redevelopment plan and building design.	28 February 2014	\$1.0
Acceptance by the Commonwealth of the of the final redevelopment plan, including the final building plan, approvals and contract agreed between South Australia and the redeveloping company in accordance with clause 15 (roles and responsibilities of South Australia) of this Agreement.	31 May 2014	\$2.0
Acceptance by the Commonwealth of a report demonstrating that Loxton Research Centre is complete and fully operational as the Riverland and Mallee Primary Producers' Business and Research Centre.	30 June 2015	\$4.5
Industry-led Research Sub-program		
Acceptance by the Commonwealth of a research strategy and plan with identified priorities and projects for the industry-led research sub-program, based on open consultation with industry and researchers, and with a competitive and transparent process to commission research.	1 December 2013	\$1.25
Acceptance by the Commonwealth of a progress report on the implementation of industry-led research sub-program, compliant with clause 19 (performance monitoring	1 December 2014	\$1.25

and reporting) of this Agreement, with evidence of industry consultation, participation in the program and uptake of research results.	1 December 2015	\$1.25
	1 July 2016	\$1.25
Regional Development and Innovation Sub-program		
Acceptance by the Commonwealth of a report outlining the competitive and transparent processes South Australia will use to implement the Regional Development and Innovation sub-program and ensure eligibility restrictions are enforced, in accordance with clause 14 (a) and (b) of this Agreement.	1 December 2013	\$2.75
Acceptance by the Commonwealth of progress reports on implementation of Regional Development and Innovation Sub-program – Round 1, 2 and 3 respectively, compliant with clause 19 (performance monitoring and reporting) of this Agreement. Reports should provide evidence of how this sub-program will create opportunities for economic diversification and regional development in Basin communities in South Australia	1 July 2014	\$3.25
	1 July 2015	\$5.75
Acceptance by the Commonwealth of a Final report, compliant with clause 23 of Agreement, on implementation of redevelopment of Loxton Research Centre, Regional Development and Innovation sub-program, and the industry-led research sub-program, with evidence of the economic diversification and regional development that has stemmed from this Program.	1 April 2017	\$0.75