



## Frequently Asked Questions (FAQs)

### Victorian Farm Modernisation Project (Farm Water Round 3)

December 2013

On 13<sup>th</sup> August 2013 the Commonwealth and Victorian Governments announced an additional \$100 million of funding for the Farm Water Program through the Victorian Farm Modernisation Project (VFMP). This additional funding has some different conditions to previous Farm Water Program rounds. A summary of these conditions are listed below.

Contents	Page
Project types	2
Eligibility	2
Whole Farm Plans	3
Processes	4
Financial issues	4
Contracts and Water Transfers	6
General questions	8
Checklist	9
Contacts	9
Minimum specifications	10

- Connections eligibility criteria: irrigators must have an executed Connections Agreement with the G-MW Connections Program by 13<sup>th</sup> September 2013 or be connected to the modernised system (Q 7).
- Must be in the Goulburn Murray Irrigation District and be part of a regulated system (Q 7, 8 and 9).
- Must be willing to transfer 59% of the water savings to the Commonwealth Government (through the Goulburn Broken CMA) (Q 2).
- Irrigators must contribute a minimum additional 10% of cash or in-kind to the project (Q 27).
- Part payment processes have changed (Q 39 and 40).

## Project Types:

### 1. What project types will be eligible for funding from the next round of the Farm Water Program?

#### Eligible works activities:

- Improving border check irrigation by lasering, installing reuse systems, automation of bay outlets, fast flows (as defined by flow rates greater than 2 ML / day / 10m of bay width), farm channel reconnection or installing pipes and risers.
- Installation of irrigation scheduling equipment including soil, plant or weather based monitoring systems to calculate crop water requirements and water budgets.
- Piping and lining of farm channels.
- Conversion of border check irrigation to a pressurised system including centre pivot, linear move, fixed sprinkler or surface and sub-surface drip.

#### Ineligible activities:

- Whole Farm Planning
- Maintenance of irrigation systems
- Stock and domestic systems

## Eligibility:

### 2. How much water do I have to give up to be part of the program?

*This program will require water savings of at least 20 ML with 59% of the savings generated ie 12ML of high reliability permanent water to be transferred to the Goulburn Broken Catchment Management Authority (GB CMA) (and then the Australian Government). This will require the water share owner to obtain any approvals from their financier, bank or other parties with an interest in the ownership of the water to agree to transfer the water.*

### 3. What sort of water do I transfer?

*High reliability surface water shares from a regulated system in the Goulburn Murray Irrigation District. The water shares must be unencumbered before the water is transferred.*

### 4. Can water share owners transfer Low Reliability Water Share rather than High Reliability Water Share?

*No, only High Reliability Permanent Water Shares are to be offered in this Round.*

### 5. Does the landowner need a Whole Farm Plan to be involved in the Farm Water Program?

*Yes, the Farm Water Program registration and application requires a current Whole Farm*

*Plan showing project works. This must be provided in electronic copy to the GB CMA by 4pm Friday 20<sup>th</sup> September 2013.*

### 6. Can more than one project be submitted?

*Only if there is a separate Whole Farm Plan for that project. The general rule is one Whole Farm Plan, one project.*

### 7. Does the landowner need to be connected to the backbone to be eligible?

*Eligible projects are on land which is either:*

- a. **connected to the modernised system** in the Goulburn Murray Irrigation District (on backbone); or
- b. have an **executed connections agreement by 13<sup>th</sup> September 2013** with the GMW Connections Program.

*There should also be no other GMW Connections Program work impeding the proposed project works.*

### 8. I am a private pumper on a regulated river, am I eligible?

*No, this additional funding was approved to specifically align with the GMW Connections Program. Irrigators who are private diverters on rivers including the Loddon, Campaspe, Broken, Mitta, Ovens, Murray, Goulburn and King are not eligible.*

### 9. I have been part of a GMW Connections Program but am now a private pumper on a regulated river as a result, am I eligible?

*Your project may be eligible. You should check with your GMW Connections Program Modernisation Coordinator (modco) to confirm this and the GB CMA will also seek advice from GMW.*

### 10. Do I need a Water Use Licence to participate in the Farm Water Program?

*Yes. The land where the works are to be done must be covered by an existing water use licence.*

### 11. Will the State restrictions on water transfers (cap/embargo etc) affect the water transfers made under this program?

*The water transferred under this program is exempt from limits in volume of water shares traded each year (currently 4 %). However other trading rules still apply.*

### 12. Do I need a new meter to be part of this program?

*Yes, a new meter that complies with GMW standards is required.*

**13. Will the Farm Water Program pay for new irrigation layout on a section of the farm that is currently dryland?**

*If the project area of the property has never been irrigated previously, it is not eligible for funding.*

**14. Can landowners include integrated projects, eg, projects that include pipe and risers and lasering?**

*Projects must achieve current minimum technical standards to be eligible for funding and may include integrated projects that include eligible activities.*

**15. Does the Farm Water Program apply to land that has not been irrigated for years?**

*Yes as long as there is a Water Use Licence and there is irrigation infrastructure to upgrade.*

**16. Can I increase the area of irrigation on my farm as part of my project?**

*No, the purpose of the program is to improve the efficiency of existing irrigated areas on a property, not expand the actual irrigated area.*

**17. Can landowners participate in the Farm Water Program if they have no water shares but have irrigated land?**

*The minimum requirement to participate in the Farm Water Program is to save at least 20 ML of water in the project and transfer at least 59% of permanent water shares to the GB CMA (ie 12 ML). Irrigators must have eligible water shares to transfer from the point of the application and onwards.*

**18. Can irrigators change the WEEs offered during the application, assessment and contract process?**

*No, the WEE identified at the time of the application must be the same one as progresses through the contract and transfer stages.*

**19. Can I own land in one water trading zone and do the project in that zone but offer water to be transferred from another zone?**

*The water being transferred needs to be physically able to be used on the property where the irrigation infrastructure works are being installed.*

**20. Are there any restrictions on buying water entitlement back in after the water savings have been transferred as part of the Farm Water Program?**

*No.*

**21. Can maintenance of existing irrigation systems be included in the program?**

*No, the program is about upgrading irrigation infrastructure to achieve water savings.*

**22. I am in the process of purchasing the land where I want to do the irrigation improvement works, can I participate in the Farm Water Program?**

*You will still need to meet all eligibility criteria, which means that there needs to be a current Whole Farm Plan that shows the works to be undertaken in the project proposal. This will require the permission of the current landowner to use, as well as any access requirements. **You must own the land** by the time you submit your application.*

**23. Can irrigators do works on land that they don't own?**

*Yes, but irrigators must have all approvals and permissions in place before their detailed application is submitted. This includes things such as: council approvals, easements, agreements with other landowners, Vic Roads approvals, etc. Copies of these approvals will be needed to be provided with the application and will need to be valid through the assessment, contract and implementation phases.*

**24. Does the landowner require public liability insurance or other insurances to be eligible for the Farm Water Program?**

*Yes, the landowner is required to have at least \$20 million public liability cover.*

*The landowner must also ensure there is loss or damage insurance cover for assets over \$5,000 in value.*

**25. What are the Minimum Technical Guidelines (or BMPs)?**

*See the last pages of FAQs for definitions.*

**26. How long do landowners have to finish farm works?**

*All projects will need to be completed by 30<sup>th</sup> April 2016.*

**27. Do I have to make a cash, in kind contribution to the project?**

*Yes, landowners need to contribute a minimum of 10 % cash or in kind to the total funding of the project.*

**Whole Farm Planning:**

**28. Does the landowner require planning approval for the works proposed?**

Landowners cannot breach local government planning requirements or restrictions due to their proposed works. Where applicable, the Whole Farm Plan works need to be assessed by the relevant municipality. This is required in the Campaspe, Moira and Greater Shepparton municipalities to determine if works proposed on the Whole Farm Plan require permits to approve the planned works.

**29. My Whole Farm Plan does not include what I want to do as it is not current, do I need to get it upgraded?**

Yes, a Whole Farm Plan needs to be current, ie works proposed need to be identified in the current Whole Farm Plan. You must have the Whole Farm Plan upgrade completed and submitted electronically to the GB CMA by 4pm on 20<sup>th</sup> September 2013.

**Processes:**

**30. What are the timeframes of the program?**

See diagram on page 9.

**31. Is there a simple diagram that maps out the main steps in the processes?**

Yes, see the diagram at the end of the FAQs.

**32. Can I still register my interest in the program in the application stage?**

No, all projects in for this round must be registered by 4pm Friday 13<sup>th</sup> September 2013. No late registrations will be accepted.

**33. If negotiations with the G-MW Connections Program are occurring, how does the landowner know what to include in the Farm Water Program bid?**

GMW Connections Program modcos will work with DEPI, GB CMA and the landowner to ensure the connections and farm contracts are complementary to each other.

**34. If the program is oversubscribed, what will happen?**

A ballot will be held for all projects that are eligible and meet minimum quality and value for money standards, overseen by an independent auditor as per Round 1 and Round 2.

**35. What are the roles of the DEPI or GB CMA project officer, GMW Connections Program the surveyor and designer, farm consultant, financial counsellor and landowner in the Farm Water Program?**

- The DEPI or GB CMA project officer will assist the irrigator to complete project application forms, including a Water

Savings Plan (based on the Whole Farm Plan). They will help identify what information is required and where to seek assistance.

- The GMW Connections Program will negotiate a connections agreement to the backbone where relevant and work with the DEPI or GB CMA project officer where appropriate and advise the GB CMA of the connections status of all properties.
- Surveyors and designers will assist with development of a new or modernised Whole Farm Plan, if required.
- Farm consultants and financial counsellors will provide advice to irrigators on the viability of the projects and may work as project managers where required by irrigators.
- The landowners and water share owners will need to collate the relevant information to meet the criteria for the application.

**36. When can landowners begin works?**

Landowners can start works once the Water Contract and the Works Deed have both been signed by the landowner and the GB CMA. However, landowners undertake the works at their own risk until the first payment is received following confirmation of the settlement of the Water Contract.

**37. I have submitted a project with another funding program, can I apply for VFMP through Farm Water?**

Yes, you can apply for funding for the same project works, but you cannot accept two separate funding sources for the same work. GB CMA will work with the Commonwealth Government to cross check applications against other funding sources, such as the Commonwealth's On-Farm Irrigation Efficiency Program, to ensure that this does not occur.

**Financial Issues:**

**38. What are the tax implications?**

Irrigators (both landowners and water share owners) will need to seek their own advice from a tax accountant or financial adviser.

**39. How much will the landowner / water share owner be paid for their project?**

Projects will be paid on \$1700/ML saved. This will be in the form of two payments: 50 % first payment on transfer of water; and 50 % on



completion of works, including invoices, receipts and statutory declaration.

**40. Can I get a part payment?**

Yes, but this process is more limited than previous rounds. The final payment for works cannot be less than 30 % of the total funding. **Irrigators need to be able to ensure they can access sufficient finance to complete works before the final payment.**

**41. Once an agreed cost for works has been reached in the Works Deed, can the cost and payments change?**

The Works Deed establishes a ceiling for the cost of the works. If the works end up costing less than is set out in the Works Deed, then the payment made under the Works Deed may decrease. The Works Deed is a fixed price contract.

**42. Will the payment change from what I submit in the application stage to when the project is approved?**

It is possible that any payments identified in the application phase may change following assessment and approval and before any contracts are signed.

**43. The costs of my works have altered slightly from the quotes I received as part of the application stage. Can these costs be changed in the contract?**

No. If your overall works costs are higher than your application or contract, then you will need to cover the difference. If your costs are lower, then the payment made under the Works Deed will decrease. The payment will need to be supported by invoices, receipts and statutory declaration.

**44. Does GST apply to all payments made under the program?**

Yes. Advice from the ATO is that all payments to landowners and water share owners are subject to GST (provided the landowners or water share owners are registered for GST). A private ruling on this issue is available on the ATO website. Irrigators should always seek their own taxation advice.

**45. Can landowners be paid for retrospective works (ie works that occur before the contracts have been signed)?**

No.

**46. Will financial approval be required to transfer the water?**

Yes, if banks, financiers or other parties have an interest in the ownership of the water. In

such cases they should be kept informed as soon as possible of your intentions and if possible begin the process of removing any interests in the water share as this can take some time. Encumbrances (eg mortgages, limited term transfers etc) must be discharged prior to transfer of water and payment.

**47. How accurate do the costs of the works need to be?**

Quotes will be required for the cost of the works at the application stage. Irrigators may be asked to provide two quotes for the work (ie in the case where irrigators submit their own quotes for any works).

**48. Is there any maximum funding amount that I can apply for?**

Yes, the maximum funding for each project is \$1 million (excluding GST).

**49. Can I include project management costs and decommissioning and recommissioning works within the funding I am seeking?**

Yes, up to 8% of the cost of the project can be for project management costs. The project management must be undertaken by a suitably experienced and qualified project manager. Project management, recommissioning and decommissioning costs should not collectively exceed 20 % of the total funding.

**50. Can landowners get help to decide if the options are in their best interest?**

DEPI project officers will provide signposts to other service providers who may be able to assist. For example, Dairy Australia facilitates a program called "Taking Stock" that assists financial decision-making. Irrigators should also seek other financial advice

**51. Can I be paid more than the cost of the works?**

No, the cost of the works (both cash and in-kind) must be greater than the total payments you are seeking from the Farm Water Program (plus 10 % irrigator contribution).

**52. Can this program provide an opportunity to reduce debt?**

No. This program will only support applications that upgrade infrastructure works.

**53. What happens if landowners receive payment for the water but don't do the farm works?**

The landowner will be in breach of contract and the contract will be enforced to the fullest extent. The landowner will also be liable for the

legal and administration costs of this process and any specific damages identified in the contract.

**54. Do I need an ABN to be paid?**

Yes, all water share owners and landowners will be required to provide an ABN **OR** complete a 'Statement by Supplier' form for not quoting an ABN.

**Contracts and Water Transfers:**

**55. How many contracts are needed when projects are approved?**

Two contracts will be required for each Farm Water Program project. They are:

- a Deed of Transfer of Water Entitlement between the GB CMA and the water share owner (the "Water Contract"); and
- an Infrastructure Works Deed between the GB CMA and the landowner (the "Works Deed").

**56. Who am I transferring my water to?**

The water will be transferred to the GB CMA initially. The GB CMA will then consolidate the water and transfer it to the Commonwealth Environmental Holder in batches.

**57. My water share has a mortgage on it and I am transferring the whole water share. What do I do?**

You must discharge all mortgages on your water share before transferring the water to the GB CMA. Please organise for this to be done as soon as possible as it can be a time-consuming process.

**58. My water share has a mortgage on it and I am only transferring part of the water share. What should I do?**

You will need to divide your water share first and seek a discharge of the mortgage over the part that you are transferring. You should seek advice from your lawyer/ water conveyance if you need advice on this process. You should not divide your water share until your project is approved and you have been advised of the water volume to be transferred.

**59. My water share has NO mortgage on it and I am only transferring part of the water share. What should I do?**

You do not need to do anything. The divide and transfer of the water share can take place as part of the conveyancing process after the Water Contract is signed.

**60. I didn't realise there was a mortgage on my Water Share. Is this a problem?**

When water was unbundled from land in 2007, any mortgages on the land were automatically added to the water share. Some water share owners may have forgotten that this happened. Any mortgages on the water share must be discharged before water is transferred.

**61. How long do mortgages take to discharge?**

It varies considerably. We suggest irrigators contact their mortgagee to get an estimate of the time this is likely to take.

**62. How do I know exactly how much water to transfer?**

The GB CMA will send a letter to all successful Round 3 VFMP Farm Water Program applicants when the assessment is completed advising of project approvals and the volume of water to be transferred. If in doubt, please contact the GB CMA.

**63. Do I need to pay all the outstanding GMW fees on the water share before it can be transferred?**

Yes. This means relevant GMW fees for 2013-14 (and 2014-15 when due) on the volume to be transferred will need to be paid. Check with GMW if you are unsure how much this will be.

**64. I have sold and transferred some of my water share since I submitted my forms to the Farm Water Program. What must I do now?**

If your water share does not contain sufficient water to transfer as per your application approval, your project will be ineligible. **No substitution or replacement will be accepted.**

**65. Who pays the water conveyancing costs for water transfers?**

Each party (ie the GB CMA and the water share owner) is liable for their own conveyancing costs related to transferring water.

**66. Will delivery share be taken as well as water share?**

No. Delivery share attaches to the land and is not affected by the transfer of water share.

**67. Will the seasonal allocation be transferred?**

Any water allocated after the transfer of the water share remains with the new owner, (ie the GB CMA/Commonwealth). Allocations before water transfer remain with the irrigator. Further advice may be provided at the contract stage.

**68. Where do I get the forms to divide and transfer my water?**

*The GB CMA will provide relevant forms with the contracts. More information is available on the water register website*

*<http://www.waterregister.vic.gov.au/>*

*The most commonly used forms are:*

- *Form 1 (transfer a water share)*
- *Form 3 (divide and transfer a water share)*
- *Form 5 (divide a water share).*

*There are also some FAQs. If you need assistance, seek further advice from your lawyer or water conveyancer.*

**69. Is there a sample Works Deed and Water Contract that I can look over.**

*Yes, there will be a sample Water Contract and Works Deed that can be downloaded from the GB CMA website at the contract stage. Round 2 examples are on the GB CMA website and can provide an indication of the type of contract that will be developed. Please note that there may be changes for Round 3. Please also note that your contract is not negotiable and that this sample contract may change and is indicative only.*

**70. Can landowners undertake the farm infrastructure works themselves as part of the Farm Water Program?**

*Yes, provided landowners meet all statutory requirements and responsibilities such as OH&S, WorkCover etc and costs are at standard industry rates (check with your DEPI contact for standard industry rate information). The works to be done by the landowner needs to be identified in the works contract. There are additional requirements under the National Building Code for projects and the OHS Accreditation Scheme. Irrigators need to ensure that any works that they undertake themselves are to industry standards.*

**71. As a result of connections discussions with the GMW Connections Program, my final connection point has changed from the original project I submitted. Can I change my project based on the new connections point?**

*It is only under exceptional circumstances that this will be considered. Approval from the GB CMA and DEPI will be needed and is not guaranteed. The project completion date will not be extended as a result of any approved changes.*

**72. I want to completely change the activities in my application eg from lasering to reuse. Is this possible?**

*Changes are allowable in the registration phase, but once project information has been developed in the application stage no changes are allowable.*

**73. Can landowners choose not to go ahead with some of the works they had initially proposed?**

*No. The works should be based on the original application, ie water savings and costs. If the project is scaled down, the water savings will not be achievable. If you do not deliver the agreed works in the Works Deed, you may be in breach, and the contract will be enforced to the fullest extent.*

**74. Can landowners choose to do the works on a different area of the property, rather than where it was initially proposed?**

*No. The works must be on the original area as proposed and contracted.*

**75. Can landowners add extra works into their proposal eg pipes and risers across the entire property, rather than just one part?**

*Landowners can add additional works at their own cost.*

**76. What happens if landowners have already commenced the works they included in their application?**

*These costs will not be eligible for payment under the program.*

**77. Up until what stage can the landowners and water share owners withdraw from the Farm Water Program?**

*Landowners and water share owners can withdraw from the program up until the Water Contract and the Works Deed have been signed. You must advise the GB CMA in writing if you want to withdraw your project. Contact details are at the end of these FAQs.*

**78. Who signs the two contracts?**

*The Water Share Owner(s) must sign the Water Contract and the Landowner(s) and the Water Share Owner(s) must sign the Works Deed. It is preferred that these documents are signed simultaneously. The Water Contract and Works Deed are dependant and linked to each other and will not be valid until both are signed.*

## General Questions:

### 79. Who is part of the consortium?

*GB CMA (lead agency), North Central CMA, North East CMA, Goulburn-Murray Water, Northern Victoria Irrigators Inc., Dairy Australia, Murray Dairy, Department of Environment and Primary Industries.*

### 80. Will the works be inspected or audited?

*Yes. Works will be inspected by the GB CMA when completed to ensure compliance with the Works Deeds. In addition, there will be audits to ensure expenditure and program expectations are being met.*

### 81. What happens if the work on my farm fails – who is responsible?

*All project works must be designed and constructed as part of an approved Whole Farm Plan. Such plans ensure that the irrigation system is designed appropriately to meet the requirements of the farming enterprise. Should there be any post completion issues with the work it is the responsibility of the landowner and any sub-contractors who undertook the work for the landowner to rectify these.*

### 82. I have heard that some irrigators are having issues with pipe and riser systems. What should I do?

*Some design and operating issues have been experienced by landowners with some newly installed pipe and riser systems. These are being rectified by designers and suppliers/installers. It is recommended that if your proposed project involves the installation of this technology that you contact either your irrigation designer and/or the installation company that you may choose to engage for your project to discuss how such issues may be prevented.*

### 83. Can landowners and water share owners lodge a complaint if the project is not selected or there is a disagreement over the processes?

*If landowners or water share owners think that policies and procedures have not been properly applied, complaints can be lodged with the Chief Executive Officer of the GB CMA. Contact details are at the end of these FAQs.*

### 84. How much funding is available in this Round?

*There is \$30 million available in this Round.*

### 85. If I decide not to go ahead with the project, can I apply for funding in future Rounds?

*Yes, the VFMP program includes two further rounds of funding. The next call for VFMP projects is expected to be in mid 2015.*

*The Farm Water Program Consortium has also applied to be a Delivery Partner for Round 4 of the Commonwealth Government's OFIEP. Applicants will need to reapply for any future funding rounds and these are likely to have new guidelines and eligibility criteria.*

### 86. Who do I contact if I have any questions?

*Please contact GB CMA Farm Water Program staff about your project, contact details are listed at the end of these FAQs.*

*If you are preparing the project application, DEPI or CMA staff will be able to assist with that step.*



## Checklist for Contracts Stage:

- Contact financial institution / lawyer / water conveyancer to advise of your intentions and make arrangements to discharge any encumbrances.

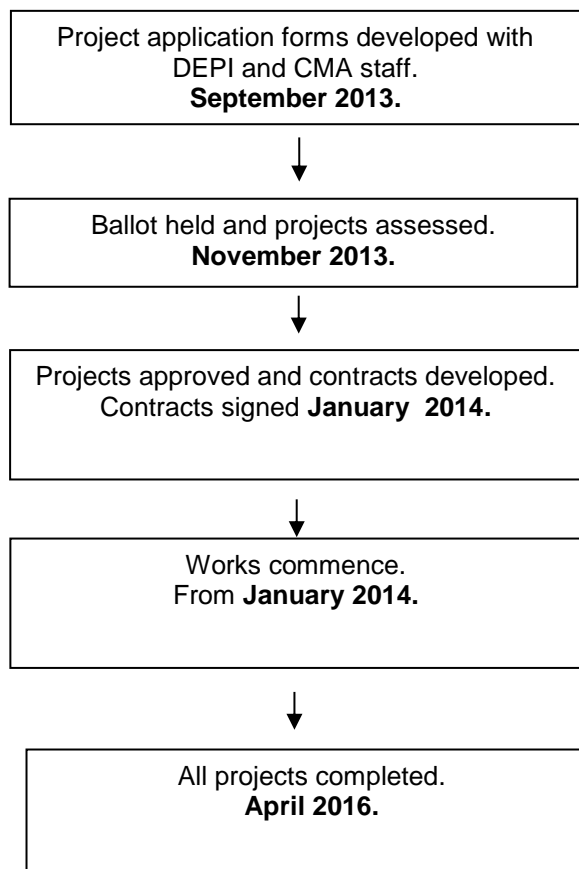
### GB CMA Contacts:

#### **Farm Water Program Staff:**

*Jasmine Dick – Project Officer  
David Lawler – Contracts and Inspections  
Chris Nicholson – Contracts and Inspections  
Vicki Mackenzie – Program Support  
Megan McFarlane – Program Manager  
Brendan Stary – Contracts and Inspections*

*168 Welsford St Shepparton  
PO Box 1752, Shepparton, 3632  
(03) 5820 1100*

## Flow Diagram and Indicative Timelines:



### **Complaints should be addressed to:**

*Chris Norman  
Chief Executive Officer  
Goulburn Broken  
Catchment Management Authority  
PO Box 1752, Shepparton, 3632*

### Minimum Technical Guidelines:

Your project must meet the following level of Minimum Technical Guidelines (Best Practice Standards) after the proposed project activities are completed.

<p><b>Improved Surface Irrigation</b></p> <p>(gravity and pumped surface irrigation)</p>	All of the project area irrigated with flow rates of at least 2 ML per day / 10 metre width of bay irrigated at completion of project.
	All of the project area will be laser graded at completion of project.
	All the project area will drain to a drainage reuse system at completion of project. New systems include a sump, permanent pump and motor capable of operating at 70% energy efficiency or greater, and delivery system.
	Pipe and riser systems include permanent pump and motor designed to operate at 70% energy efficiency or greater.
	Pipe and riser system pipes designed to operate at less than 2.5 metres/sec velocity and pressure class of pipes matches design pressure of system.
<p><b>Improved Sprinkler Irrigation</b></p> <p>(sprinklers for full ground coverage)</p>	System includes permanent pump and motor designed to operate at 70% energy efficiency or greater.
	System designed to apply sufficient water to meet peak crop water requirements of target crop.
	System pipes designed to operate at less than 2.5 metres/sec velocity and pressure class of pipes matches design pressure of system.
	System is designed to ensure that the average application rate of the sprays does not exceed the soil infiltration rate.
	Sprinklers designed to operate at design system pressure.
	System designed to operate with a Uniformity of Distribution of at least 75%.
<p><b>Improved Micro/drip Irrigation</b></p> <p>(subsurface drip, drip, micro sprays, sprinklers not full ground coverage)</p>	System includes permanent pump and motor designed to operate at 70% energy efficiency or greater.
	System designed to apply sufficient water to meet peak crop water requirements of target crop.
	System pipes designed to operate at less than 2.5 metres/sec velocity and pressure class of pipes matches design pressure of system.
	Sprays, sprinklers, drippers designed to operate at design system pressure.
	System designed to operate with a Uniformity of Distribution of at least 90%.

Other information is available on the GB CMA website [www.gbcma.vic.gov.au](http://www.gbcma.vic.gov.au)