

OUT18/16268

Mr Roger Bailey
General Manager
Warrumbungle Shire Council
PO Box 191
COONABARABRAN NSW 2357

Dear Mr Bailey

**Safe and Secure Water Program – Coolah and Dunedoo STP Augmentation
(SSWP156)**

Thank you for your expression of interest for co-funding through the Safe and Secure Water Program (SSWP).

I am pleased to advise that this project was assessed by the SSWP Technical Review Panel (TRP) on 18 October 2018 and was deemed eligible to proceed to the next stage of the assessment process, i.e. submission of a detailed application. Please note that this is not an offer for funding.

A generic overview of requirements for detailed applications is available at:
https://www.industry.nsw.gov.au/_data/assets/pdf_file/0007/160657/Detailed-application-submission-requirements-overview.pdf

The TRP noted that the Coolah Sewerage Treatment Plant (STP) and Dunedoo STP projects have secured \$0.825M (being 50% of \$1.650M) and \$0.80M (being 50% of \$1.60M) respectively, from the Water and Wastewater Backlog Program (WWWBP) under the Water Secure for Regions Program. The TRP also noted that while Council is eligible for a maximum of 75% funding in accordance with the SSWP guidelines, 100% funding for the shortfall project cost of \$3.99M for these two projects is endorsed given that the combined NSW Government funding falls close to 75%.

The detailed application should also include a section clearly summarising how each assessment criteria will be addressed. A copy of the six assessment criteria and scoring logic used by the TRP when assessing detailed applications is attached to this letter.

It is important to note that preparation of a Cost Benefit Analysis (CBA) in accordance with Treasury guidelines is an essential component of the Business Case. A framework and toolkit for proponents to prepare consistent CBA submissions is available at the website below. DoI Water will also make available professional independent advice for proponents preparing a CBA.

<https://www.industry.nsw.gov.au/water/water-utilities/infrastructure-programs/safe-and-secure-water-program/about>

The TRP also requested that the detailed application should:

- Articulate options considered by Council to select the best feasible solutions for the Coolah STP and Dunedoo STP projects;
- Prepare a cost benefit analysis for the whole project cost and not just the additional works/cost funded under SSWP;

- Demonstrate that the proposed additional works will meet EPA's requirements;
- Demonstrate how the project complies and will comply with Section 60 requirements of the Local Government Act, where applicable. For guidance on requirements refer to <https://www.industry.nsw.gov.au/water/water-utilities/regulatory-assessments>.

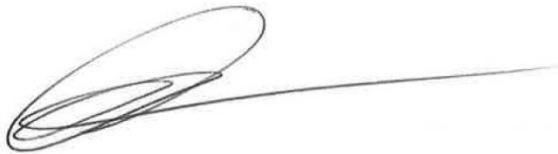
Council is reminded that any project with a contract awarded prior to funding confirmation by the Minister would be ineligible for funding through the SSWP. Also please ensure any detailed application is signed by Council's General Manager.

The NSW Government has recently announced changes to the Safe and Secure Water Program. As a result of these changes and to allow the program to transition, detailed applications will close on 1 April 2019.

Please see the attached fact sheet describing key changes to the program and what they might mean for you.

Council is encouraged to contact Department of Industry-Water's regional representative for technical advice and support when preparing the detailed application as well as advice on the transition of the Safe and Secure Water Program. If you require additional information on the assessment of this application and future processes, please contact the SSWP Manager, Vince Keogh on 0438 150 884 or via email at vince.keogh@dpi.nsw.gov.au

Yours sincerely



Michael Blackmore
Technical Review Panel Chair - Safe and Secure Water Program
Director Water Utilities
Department of Industry – Water

Date: 29 October 2018

Assessment of Detailed Applications

CRITERIA	KEY CONSIDERATIONS	COMMENTS
Strategic Assessment		
The Project aligns with the strategic priorities of NSW Government	Application should demonstrate how the proposed project aligns with a strategic framework such as Premier or State Priorities, Regional Development Frameworks, Regional Plans, State Infrastructure Strategy, Economic Development Strategies etc.	Project may align with multiple strategic planning frameworks.
The project aligns with a relevant infrastructure planning framework.	<p>Application should demonstrate how the proposed project is consistent with the proponent's strategic infrastructure planning framework such as an Integrated Water Cycle Management (IWCM) Strategy, asset management plan or similar.</p> <p>The application should also adequately define the problem, demonstrate that the proposed project is justified and provide details of any planning work and approvals already completed.</p>	Applications for construction of infrastructure funding (Phase 3) must also demonstrate that all viable options have been adequately assessed and the choice of the preferred infrastructure option is justified by submitting a Business Case appropriate for the project complexity
Economic Assessment		
Project will develop infrastructure required for the economic competitiveness of the State by improving economic growth and productivity (including access to water)	Application should describe benefits associated with project, including economic impacts of improved productivity, environment, employment, public health etc.	<p>Assessment should consider implications of project not proceeding.</p> <p>A CBA with a BCR > 1 is required for Infrastructure funding applications.</p> <p>No CBA is required to support a request for scoping or business case funding (phase 1 & 2). These Detailed Applications need only describe potential benefits.</p>
Affordability		
The budget allocated to this project is appropriate when all proposed funding sources are	Application should demonstrate that the cost estimation is appropriate for the proposed project, including an amount for	Projects that maximise co-funding contributions from the proponent, with consideration of all income sources, will be favourably

CRITERIA	KEY CONSIDERATIONS	COMMENTS
considered.	contingency.	considered. Additional funding may be considered for hardship cases, or when an economic analysis shows that a higher level Government contribution is justified to maximise public benefits.
The proponent must have the capacity to fund lifecycle costs (ongoing Operation, Maintenance and Management (OMM), renewal, funding arrangements)	Application should demonstrate how lifecycle costs will be funded. <i>Not required for projects seeking funding for scoping or business case funding (Phase 1 & 2)</i>	If the project will increase the cost of service delivery, demonstrate that the impact on customers is affordable and acceptable through a Financial Impact Statement or similar submitted with the detailed application.
Deliverability		
Proponent must have the capacity and resources and have completed the planning necessary to deliver the project in accordance with the proposal.	The application should describe a project plan appropriate for the complexity of the Project that considers, as a minimum, implementation risk, procurement method and project management arrangements.	The track record of proponent delivering projects will be considered. Any innovative procurement approach should be highlighted. Applications for Infrastructure funding (Phase 3) must be supported by a Business Case, suitable for the project complexity, which details implementation arrangements.

SSWP - Detailed Application Scoring Summary

- 0 Non-compliance or poor response.** Well short of requirements and unsubstantiated claims. High level of risk to deliver the objectives/requirements. High level of risk to deliver the objectives and/or requirements of the project. - unacceptable.
- 1 - 2 Unsatisfactory response.** Does not meet minimum requirements or is inadequately substantiated. High level of risk to deliver the objectives and/or requirements of the project. - poor.
- 3 - 4 Marginal compliance.** The proposal contains certain material deficiencies that prevent full compliance with requirements. Marginal level of risk to deliver the objectives and/or requirements of the project. – below average.
- 5 Satisfactory compliance.** May contain minor deficiencies preventing full compliance. Marginal level of risk to deliver the objectives and/or requirements of the project. - average.
- 6 Full compliance.** Adequate to requirements and appropriately substantiated. Low level of risk to deliver the objectives and/or requirements of the project - good.
- 7 - 8 Exceeds compliance.** Very satisfactory response; more than adequate to requirements and well substantiated. Low level of risk to deliver the objectives and/or requirements of the project – very good.
- 9 Significantly exceeds requirements.** Excellent response; surpasses all requirements and is fully substantiated. Very low level of risk to deliver the objectives and/or requirements of the project - excellent.
- 10 Superior or outstanding compliance.** Far exceeds specified requirements, surpasses all requirements and is fully substantiated. Very low level of risk to deliver the objectives and/or requirements of the project - outstanding.