



Statement of reasons

Commonwealth assessment of socio-economic response

Reference number: 250766

Decision: Approved

Date of decision: 5 November 2020

Project overview

The applicant is seeking \$45,428.53 in Commonwealth funding to convert 3.3ha of Chardonnay wine grapes to Shiraz and reconfigure irrigation to optimize on-farm water use. These activities are expected to achieve 3.3ML per annum for this project upgrade. The project is described in more detail in the:

- state statement of reasons
- independent approved irrigation professional technical findings report
- water savings methodology

For more information about the state assessment, see state statement of reasons.

Part 1 – Commonwealth assessment - initial eligibility

The Commonwealth's initial assessment covered the eligibility of the entity, the water entitlement, the proposed activities and an initial calculation of value for money. The assessment determined that there was sufficient information to request assessment by the relevant state against the socio-economic criteria.

The upgrade involves the conversion of 3.3ha of Chardonnay wine grapes to Shiraz and reconfiguration of the irrigation to optimize on-farm water use. These activities are considered eligible activities and are expected to generate the proposed water savings being offered. A conservative water saving of 3.30 ML is achievable based on the certification from the Independent Approved Irrigation Professional and evidence from other water recovery projects.

Part 2 – Commonwealth assessment of the state decision

South Australia has advised the Department of Agriculture, Water and the Environment that the proposal has passed the socio-economic criteria test, and satisfactory responses have been provided to all relevant comments received during the Have your say process. For more information about the state assessment, see state statement of reasons.

The Commonwealth has assessed the State's decision, considered the public comments, and re-examined the project's eligibility.

Based on this information, the proposed activities are likely to have neutral to positive socio-economic impacts:

- The proposed activities are all eligible water efficiency measures that will produce water savings sufficient to cover the water entitlements to be provided to the Commonwealth Environmental Water Holder, as stated in the independent approved irrigation professional's technical report. For more information about the report, see state statement of reasons.
- Crop productivity will be maintained or increased as a result of the works leading to positive socio-economic outcomes for the applicant and the community.
- Local contractors will undertake part of the works which will provide flow on benefits to local businesses and communities.
- There is no planned reduction in employment.
- Upgraded infrastructure will contribute to the long-term sustainability of the business and region.
- There is no hydrological connection, or no significant change to the hydrological flows between the property and nearby water bodies used for social or cultural reasons, and therefore no social or cultural impacts.
- Taking into account the projects previously approved under the WEP, implementing this project would not result in cumulative impacts beyond those already considered in this assessment
- There will be no negative effect on any stream flow, or wetland that has been used for recreational activity by the local community.
- There will be no impact on local community weirs, storages, or parks therefore no impact community amenity.
- The water savings retained by applicants will:
 - increase water available for consumption by reducing water losses that are currently not available to the consumptive pool
 - reduce demand on the consumptive pool once the project is completed by reducing the need for water delivery to a greater volume than the water entitlements to be provided to the Commonwealth Environmental Water Holder
 - improve the applicant's resilience to climate and water variability

On this basis, the proposed project is likely to have positive socio-economic outcomes.

Part 3 – Commonwealth response to public comments

Most public comments were responded to by the relevant jurisdiction.

Additional responses by the Commonwealth are:

- The maximum funding available to the applicant is limited to the total cost of the proposed works. The total funding including administration must not exceed 1.75 times the value of the water.

- The volume of water required to be returned to fund a proposed project will be a factor of the market price of water at the time of submission and the 1.75 multiplier as described in the approach to water valuation.
- Only the conservative volume of water estimated to be saved through the project can be returned to the environment under the program.
- Any water savings in excess to the volume required to be returned to the Commonwealth will be retained by the applicant.
- All applications are subject to an assessment by an independent approved irrigation professional to ensure that the water savings and costs are reasonable and realistic and that the projected water savings can be achieved while maintaining agricultural production.
- Projects that generate water savings in excess to the volume required to be returned to the Commonwealth will increase the volume of water available for agricultural use and generate additional socio-economic benefits beyond the actual project.
- The Commonwealth will publish a map indicating where the investment is being made, the amount of water being recovers, the type of project and relevant socio-economic information once the proposal is approved.
- The Commonwealth will where possible provide reports or outcomes of past projects available once they are completed.

Part 4 – Commonwealth assessment against the socio-economic requirements

This project:

- is from an eligible entity
- involves eligible activities only
- provides eligible water entitlements only
- fits within the program's value for money requirements.

The Commonwealth assessment of the socio-economic response supports the decision made by South Australia and it is recommended that the proposal now proceed. In accordance with the Commonwealth Procurement requirements.