

Advanced Operational Support (Phase 3)

Grant Guidelines

Administering department:	Department of Climate Change, Environment, Energy and Water
Agency/Division:	Water Group/ Grant Management Office
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1. Introduction

These grant guidelines set out participation, grant conditions and funding information for Advanced Operational Support (AOS) – phase 3. Grants are an element of AOS which is an element of the Town Water Risk Reduction Program.

2. Background

2.1 Overview

Drinking water supplies in New South Wales (NSW) have varied treatment infrastructure depending on the nature and quality of the water source. The majority of supplies with surface water sources such as rivers and dams, and some groundwater sources, have a form of chemically enhanced water treatment. Raw water quality in these supplies can change rapidly due to climate impacts, weather events, and river system operation, and water treatment plant operators must proactively adjust treatment plants to respond to these changes to maintain water quality and deliver safe water to consumers.

AOS assists Local Water Utilities (LWUs) to manage drinking water quality risks and challenges, particularly in areas where location, size and capacity to attract and retain qualified staff are issues. AOS works on-site with LWU teams to reduce drinking water quality risks and improve workplace health and safety by providing onsite assessment and technical and training support to optimise existing water treatment plant infrastructure and extend asset life. AOS upskills operators who face challenges such as rapid changes in raw water quality, but often lack the technical skills, capacity or appropriate monitoring equipment to assess and resolve treatment process issues effectively.

In addition to on-site support, AOS can offer grant funding to participating LWUs to support improvement implementation. Supporting LWUs to improve and maintain quality water supply where they are unable to access other sources of funding assistance is one way the NSW Government can support Regional NSW and promote value for money outcomes in public water expenditure.

Since its inception in early 2023, the project has formally supported 18 LWUs. This has included extensive onsite support including gap analysis and solution development for online critical control point monitoring systems as well as the development of an Operational Improvement Opportunities plan to support optimisation of their participating water treatment plant. By addressing gaps in the monitoring of critical control points within these water treatment plants, a cumulative total of over 22,000 additional people will now have access to drinking water with real-time online monitoring that assures the delivery of safe water from their treatment plant.

Based on the success of AOS, it has now been extended to June 2028. This extension of three years will enable a minimum additional 20 LWU's to receive onsite support. It also includes at least \$2 million in grant funding to support implementation of identified improvement opportunities for eligible participants.

2.2 Grant Administering Agency

The fund is administered by the Department of Climate Change, Energy, the Environment & Water (DCCEE), which is responsible for ensuring that the project is economically viable, environmentally sustainable and culturally responsive.

3. Grant Information

3.1 Purpose and Objective

Under AOS, participants will be selected using targeted EOI with a transparent assessment process and defined criteria.

The purpose of the grants under AOS is to provide funding to enable selected participants to procure and install upgrades to operational equipment and systems, informed by assessments undertaken during investigations conducted under Parts 1a and/or 1b as outlined below:

- **Part 1a**

A targeted assessment of existing online monitoring system capability including gap analysis, upgrade scope of work requirements, and development of technical specifications by a specialist service provider in collaboration with the LWU. The service provider will be provided and funded by the Department.

- **Part 1b**

The conduct of intensive on-site support including assessment of overall plant operational risks and issues by expert Department personnel, collated into an Operational Improvement Opportunities plan for each participant. These on-site visits also provide opportunity to provide mentoring and support for operators, as well as optimisation of existing or any new equipment, plant operations and processes.

- **Part 2**

Grant implementation and support to address issues identified and scoped in Part 1a and/or Part 1b. The Department provides high level support to assist LWU's meeting the grant milestone requirements.

3.2 Grant Decision Maker

The final decision maker for the grant is the Deputy Secretary Water. This is a targeted, competitive grant in accordance with the requirements outlined in the NSW Grants Administration Guide and the Government Sector Finance Act (2018). The Deputy Secretary Water may approve a grant, following consideration of written advice from the Department on its merits.

The Department will be responsible for administering the grant in line with the grant guidelines and financial delegations detailed in the Government Sector Finance Act 2018. The Department financial delegate is authorised to enter a funding deed with grant recipients for this purpose.

3.3 Announcement of the grant project

The grant project will be listed on the NSW Government Grants and Funding Finder as required by Section 6.2 of the NSW Grants Administration Guide 2024.

3.4 Grant evaluation

The Department will evaluate this grant to measure how well the outcomes and objectives have been achieved.

4. Project Funding

4.1 Funding

Grant funding of up to \$2,000,000 is available for AOS (Phase 3), with approximately 50% available in Delivery Round 1 until June 2027 and the remaining 50% available in Delivery Round 2 until June 2028.

An Expression of Interest process will support the selection of participating LWU's and their individual water treatment plants. All LWU's selected will be advised through a Letter of Offer including which Delivery Round and Part(s) they have been selected to participate in, and how much grant funding (if any) is approved.

Where approved, grant funding will be available to procure and install upgrades informed by the assessments undertaken during Parts 1a and/or 1b. Available funding must be used to complete agreed Part 1a upgrades initially (where relevant). Any approved grant funding that has not been required to complete agreed Part 1a upgrades may be used to support Part 1b operational improvements that have the potential to impact critical control points.

4.2 Grant Amounts

Eligible projects may receive up to a maximum of \$150,000 each. The actual amount available to each participant will be determined during the selection process in consideration of the information provided in the EOI and existing plant risks.

4.3 Co-Contributions

There is no requirement for any co-contribution by grant recipients, however no further additional funding is available. Applicants can provide their own contributions where the cost of the agreed scope of works exceeds the available grant amount.

4.4 Funding deed

Funding will be administered by the Department via a funding deed.

The grant recipients will be responsible for:

- Seeking quotations and arranging and managing all implementation work that are agreed as an outcome of the Part 1a and/or Part 1b works;

- Meeting the applicable terms and conditions of the funding deed and managing the grant activity efficiently and effectively; and
- Complying with record keeping, reporting and acquittal requirements as set out in the funding deed.

4.5 Grant acquittal and reporting

The grant recipient must submit evidence of achievement of the milestone, as detailed in the funding deed.

5. Deliverables and Outcomes

5.1 Expected Outcomes for the Funded Activity

Improved water quality

- Improved public health and safety by reducing drinking water quality risk in regional NSW.
- Reduced government intervention needed.

Community Access

- Expanded access to assured safe water for the community, including customers, businesses (local and tourism).
- Improved water treatment infrastructure.

5.2 Delivery Timing of the Funded Activity

Funded activities must be completed by 30 June 2027 for Round 1 and 30 June 2028 for Round 2, and milestones must be met by the due dates noted on the funding agreement.

5.3 Project Schedule

AOS phase 3 commences in July 2025 and runs until June 2028. A single EOI process will be used to select all participants. Successful participants will be supported in two separate delivery rounds based on the key project milestone dates and deliverables.

- Delivery Round 1 – minimum ten participants with support commencing with initial AOS team site visits in August 2025.
- Delivery Round 2 – all remaining participants, with support commencing with initial AOS team site visits in July 2026

Additional detail is shown below:

Schedule item	Dates
Expressions of Interest open	June 2025
Notification to all successful applicants and offers to participate in round 1 or 2	Jul/Aug 2025
DELIVERY ROUND 1	
Part 1a online monitoring site assessments and reporting	Sep 2025 – Jun 2026
Part 1b intensive on-site support and training	Sep 2025 – Aug 2026
Part 2 Funding deeds executed	June – Aug 2026
Part 2 Grant funded improvement implementation	July 2026 – June 2027
DELIVERY ROUND 2	
Part 1a online monitoring site assessments and reporting	Sep 2026 – Jun 2027
Part 1b intensive on-site support and training	Sep 2026 – Aug 2027
Part 2 Funding deeds executed	June – Aug 2027
Part 2 Grant funded improvement implementation	July 2027 - June 2028

6. Eligibility Criteria

AOS includes both onsite support and grant elements.

Onsite support (Parts 1a and/or 1b) is potentially available to any participant eligible water treatment plant that has not been formally supported under AOS previously, provided the plant is eligible to be assigned a water quality risk score under the Safe and Secure Water Program (SSWP) Eligible Risks and Issues List (ERIL) framework.

Grants (Part 2) may be offered to any eligible water treatment plant that has not undergone a recent major upgrade or replacement that effectively addresses continuous online monitoring and alarming of critical control points.

AOS will support a maximum of two treatment plants per participant.

The participant must answer yes to all the eligibility criteria to be considered eligible to participate:

Eligibility Criteria 1:

The organisation is a local council, as identified under the Local Government Act 1993 (providing water supply and/or sewerage services under Section 56) or a water supply authority (as identified in the Water Management Act 2000);

Eligibility Criteria 2:

The water treatment plant has not been formally supported previously under AOS;

Eligibility Criteria 3:

The water treatment plant has been assigned (or is eligible to be assigned) a water quality risk score under the SSWP ERIL.

This is a targeted, competitive grant, consistent with the NSW Grants Administration Guide 2024 requirements, noting that the following have been considered by the Department:

- That the duration of the grant is time limited.
- Funding agreements specify milestone requirements in which grant recipients must provide evidence of completed work.

AOS projects that are eligible for grant funding under the project must be scoped to ensure they meet the following:

- achievement of project outcomes
- cost and value for public money
- affordability
- deliverability
- resource optimisation.

7. Expressions of Interest

The Expression of Interest (EOI) for AOS participation is a single stage, targeted and competitive process. The EOI process will be used to identify key information such as the LWU's eligibility, and to assess and select participants. DCCEEW cannot consider an EOI if the eligibility criteria are not satisfied. EOI will only be accepted via the online EOI form accessed through SmartyGrants.

If you have any questions about eligibility, please email sswp@dpie.nsw.gov.au

8. Evaluation and Assessment

EOIs will undergo a competitive merit-based assessment against the eligibility and assessment criteria. The assessment of eligible expressions of interest is undertaken by an Evaluation Panel (the Panel), with members endorsed by DCCEEW Water Group Executive. The Panel may also seek additional advice from independent technical experts.

If the selection process identifies unintentional errors in an application, the Panel may contact the LWU to correct or clarify the errors, but no material alterations or additions can be made.

The evaluation and assessment will undertake an eligibility review and an evaluation of the EOIs. If an application is deemed ineligible, the department will not progress the EOI for further evaluation.

Eligible submissions will be assessed against the following criteria:

Assessment Criteria 1:

Water quality risk score consistent with SSWP ERIL;

Assessment Criteria 2:

Known existing treatment plant operational risks based on DCCEEW inspections;

Assessment Criteria 3:

Plant performance in consideration of applicant submitted information including critical control points, online monitoring, response capability, and routine operations and maintenance.

During the evaluation of EOIs, applications will be assessed by the Panel and projects will be recommended to the Deputy Secretary Water (or their delegate) for participation.

AOS includes both onsite support and grant elements. Projects may be recommended for onsite support with or without grants. All participants will receive Part 1b support. Part 1a support will be assessed and offered based on demonstrated need, in consideration of the information provided by the applicant.

The grant amount (if any) available to each participant will also be considered and recommended by the panel based on demonstrated need, in consideration of the information provided by the applicant and known plant risks.

Based on the above a minimum of ten participants will be offered an opportunity to participate in delivery round 1 and all remaining approved participants for delivery round 2. DCCEEW will advise all applicants of the outcome of the evaluation and assessment in writing.

9. Other Information

9.1 Government Information (Public Access) Act 2009

Proponents should be aware that information submitted, and all related correspondence, attachments and other documents may be made publicly available under the *Government Information (Public Access) Act 2009 (NSW)*. Information that is deemed to be commercially sensitive will be withheld.

The *Government Information (Public Access) Act 2009 (NSW)* makes government information accessible to the public by:

- requiring government agencies to make certain sorts of information freely available;

- encouraging government agencies to release as much other information as possible;
- giving the public an enforceable right to make access applications for government information;
- restricting access to information only when there is an overriding public interest against disclosure.

9.2 Complaints

Any concerns about the Fund should be submitted in writing to sswp@dpie.nsw.gov.au

If you do not agree with the way the Agency handled the issue, you may wish to contact the NSW Ombudsman via ombo.nsw.gov.au

9.3 Ethical Conduct

Proponents must not participate in any anti-competitive conduct.

It is a condition of the grant project application process that no gifts, benefits, or hospitality are to be made to any Department/Agency employee at any time. Any inducement in contravention of this condition may result in an applicant's proposal not being considered.

9.4 Conflicts of Interest

There may be a requirement for a conflict-of-interest declaration to be submitted with all grant proposals.

Where a conflict-of-interest detrimental to the assessment process is identified, mitigation measures must be put in place, or an individual may be asked not to participate in the application, assessment, or delivery stage of the process.

9.5 Confidentiality

Funding decisions and assessment outcomes must be kept confidential until announced by the NSW Government. Successful proponents will be required to provide a confidentiality undertaking. This means they must keep the outcome of the grant process confidential until the NSW Government makes a public announcement.

Upon accepting a funding deed, details about the funding deed may be made publicly available (subject to information which the Department/Agency deems to be commercial in confidence).

The proponent agrees not to disclose any confidential information pertaining to the grant or funding deed without prior written consent of the Department.

9.6 Department rights

The Department may, in its absolute discretion, and without limiting any other right which the Department may have, do all or any of the following at any time without giving notice or reasons:

- require additional information from the proponent;
- change any of the requirements of these Guidelines;

- alter or vary any process, procedure or timing related to the grant opportunity, including any process, procedure or timing regarding the consideration or the evaluation of any proposal;
- suspend or terminate the grant opportunity;
- terminate further participation in the grant opportunity for any reason (including if the department reasonably considers an application to contain any false or misleading claims or statements)
- not proceed with any funding deed, or
- proceed with a funding deed in ways not contemplated in these Guidelines.

9.7 Intellectual property

All intellectual property rights in these Guidelines remain the property of the Department. Proponents are permitted to use these Guidelines for the purpose of preparing a grant. Proponents must not use these Guidelines, or any information contained in these Guidelines for any other purpose.

The department will retain (electronic and hard) copies of all guidelines.

9.8 No offer

These Guidelines are not an offer, recommendation, or invitation by the Department/Agency in respect of any contract or commitment and, subject to a funding deed being fully executed by the parties to it, nothing in these Guidelines will form the basis of any contract or commitment.

9.9 Addenda

The department may, in its absolute discretion, issue an addendum to these Guidelines. In each case, an addendum becomes part of these Guidelines.

9.10 Disclaimer

The Department does not guarantee or warrant and accepts no legal liability whatsoever arising from or connected to, the accuracy, reliability, currency, or completeness of any material contained in this publication. Information in this publication is provided as general information only and is not intended as a substitute for advice from a qualified professional.

The Department recommends that users exercise care and use their own skill and judgment in using information from this publication and that users carefully evaluate the accuracy, currency, completeness, and relevance of such information. Users should take steps to independently verify the information in this publication and, where appropriate, seek professional advice.

9.11 Probity advice

Independent probity advisors provide guidance to the project on any issues concerning integrity, fairness and accountability that might arise, from prioritising risks and issues, assessing submissions, awarding grants and administering funding agreements. This will ensure decisions are made with integrity, fairness and accountability, while delivering value for money for NSW.

9.12 Marketing and communications

The Minister for Water or their nominated representative may publicly announce the award of a grant. Following execution of the funding agreement, the department will publicly disclose details of the grant on the NSW Government grants and funding finder website.

Proponents must acknowledge when they have received funding under the project.

10. Appendix A – Resources

Documents	URL
Government Sector Finance Act 2018	https://legislation.nsw.gov.au/view/html/inforce/current/act-2018-055
NSW Grants Administration Guide 2024	https://arp.nsw.gov.au/assets/ars/attachments/Grants-Administration-Guide-2024.pdf
NSW Government Grants and Funding Finder	https://www.nsw.gov.au/grants-and-funding

These Guidelines are subject to change at any time at the sole discretion of the Department.

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