

PROJECT AGREEMENT FOR THE NATIONAL WATER INFRASTRUCTURE DEVELOPMENT FUND – FEASIBILITY COMPONENT

An agreement between:

- n the **Commonwealth of Australia**; and
- n the **States and Territories of**
 - t New South Wales,
 - t Victoria,
 - t Queensland,
 - t Western Australia,
 - t South Australia,
 - t Tasmania,
 - t the Australian Capital Territory, and
 - t the Northern Territory.

The output of this agreement will be feasibility studies that inform investment decisions on water infrastructure projects on potential new or augmented water infrastructure.

Project Agreement for the National Water Infrastructure Development Fund – Feasibility Component

OVERVIEW

1. This Project 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.

Purpose

2. This Agreement will support delivery of feasibility studies that inform investment decisions on potential new or augmented water infrastructure to secure the nation's water supplies and deliver strong economic benefits for Australia, while protecting the environment.

Reporting Arrangements

3. The States will report against agreed milestones during the operation of this Agreement, as set out in Part 4 – Milestones, Reporting and Payments and in the bilateral schedules.

Financial Arrangements

4. The Commonwealth will provide an estimated total financial contribution to the States of up to \$35 million, exclusive of GST, in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

5. This Agreement constitutes the entire agreement for this project. Arrangements for agreed feasibility studies are set out in bilateral schedules to this Agreement.

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the States and Territories of New South Wales, Victoria, Queensland, Western Australia, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory (the States).

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and one other Party sign the Agreement and will expire on 30 June 2019 or on completion of the project, including final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by all Parties.

PART 2 – OUTPUT

8. The output of this Agreement will be feasibility studies that inform investment decisions for potential water infrastructure projects, consistent with the objectives of the National Water Infrastructure Development Fund (the Fund).

Objective of the Fund

9. The objective of the Fund, as described in the Commonwealth's 2015 White Papers on Developing Northern Australia and Agricultural Competitiveness, is to facilitate long-term economic and regional development through:
 - (a) enhancing the knowledge base underpinning water infrastructure planning and decision making;
 - (b) undertaking the detailed planning required to inform water infrastructure investment decisions; and
 - (c) expediting the construction of water infrastructure.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

10. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of feasibility studies funded under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (b) providing a consequent financial contribution to the States to support the implementation of this Agreement.

Role of the States

11. The States will be responsible for:
 - (a) all aspects of delivering the feasibility studies as set out in this Agreement and the bilateral schedules to this Agreement relevant to that State;
 - i. this may include on-forwarding Commonwealth funding contributions to, and coordinating with, non-government organisations for the purpose of meeting the requirements of this Agreement; and
 - (b) reporting on the delivery of feasibility studies as set out in Part 4 – Project Milestones, Reporting and Payments and in bilateral schedules to this Agreement.

Shared roles

12. The Commonwealth and the States will be jointly responsible for developing and agreeing bilateral schedules which set out agreed feasibility studies and associated milestones, reporting and payment arrangements in accordance with clause 14 of this Agreement.
13. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA FFR, by ensuring that prior agreement is reached on the nature and content of any events, announcements,

promotional material or publicity relating to activities under this Agreement, and that the roles of both Parties will be acknowledged and recognised appropriately.

PART 4 – MILESTONES, REPORTING AND PAYMENTS

14. Milestones, their relationship to the feasibility studies, agreed completion dates, relevant reporting dates and expected payments will be outlined in bilateral schedules to this Agreement. The Commonwealth will make payments subject to performance reports demonstrating relevant milestones have been met.
15. If a milestone is met in advance of the due date and the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated payment earlier than scheduled, provided that it falls within the same financial year as the original payment date.

Reporting arrangements

16. The States will provide performance reports for feasibility studies agreed under the relevant bilateral schedules during the operation of this Agreement. Each performance report is to contain a description of work undertaken and completed on the feasibility study in the period to date.

PART 5 – FINANCIAL ARRANGEMENTS

17. The Commonwealth will provide an estimated total financial contribution to the States of up to \$35 million in respect of this Agreement. All payments are GST exclusive.
18. The Commonwealth's funding contribution will not be reduced where the States secure funding from other activity partners.
19. The Commonwealth's and the States' estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements of the IGA FFR*, is shown in Table 1.

Table 1: Estimated financial contributions

(\$ million)	2015-16	2016-17	2017-18	2018-19	Total
Estimated total budget	13.0	10.0	5.0	7.0	35.0
Less estimated National Partnership payments ^(a)	13.0	10.0	5.0	7.0	35.0
Balance of non-Commonwealth contributions ^(b)	0.0	0.0	0.0	0.0	0.0

^(a) Estimated National Partnership payments to each State are set out in the bilateral schedules to this Agreement.

^(b) States are not required to provide a financial contribution under this Agreement. Any co-contribution from the States and/or water infrastructure developers will be recognised in bilateral schedules to this Agreement.

20. Having regard to the agreed estimated costs of feasibility studies specified in the bilateral schedules to this Agreement, a State will not be required to pay a refund to the Commonwealth if the actual cost of a feasibility study is less than the agreed estimated. Similarly, the States bear all the risk should the costs of a feasibility study exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for the States to deliver feasibility studies cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

21. 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.

Variation of the Agreement

22. The Agreement may be amended at any time by agreement in writing by all the Parties.
23. Bilateral schedules to this Agreement that have no impact on other Parties to this Agreement may be amended at any time by agreement in writing by the relevant Commonwealth and State portfolio ministers.
24. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all Parties in writing.

Delegations

25. The Commonwealth portfolio minister may delegate the assessment of performance against 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

26. Any Party may give notice to other Parties of a dispute under this Agreement.
27. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
28. If a dispute cannot be resolved by officials, it may be escalated to the relevant portfolio ministers.

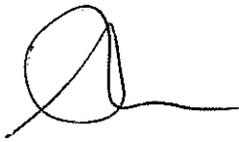
The Parties have confirmed their commitment to this agreement as follows:

Signed for and on behalf of the Commonwealth of Australia by

The Honourable Barnaby Joyce MP
Minister for Agriculture and Water Resources

/ /2016

Signed for and on behalf of the State of New South Wales by



The Honourable Niall Blair MLC
Minister for Primary Industries

31 / 5 /2016

Signed for and on behalf of the State of Victoria by

The Honourable Lisa Neville MP
Minister for Environment, Climate Change and Water

/ /2016

Signed for and on behalf of the State of Queensland by

Signed for and on behalf of the State of Western Australia by

The Honourable Mark Bailey MP
Minister for Energy, Biofuels and Water Supply

/ /2016

The Honourable Mia Davies MLA
Minister for Water

/ /2016

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

Signed for and on behalf of the State of Tasmania by

The Honourable Ian Hunter MLC
Minister for Water and the River Murray

/ /2016

The Honourable Jeremy Rockliff MP
Minister for Primary Industries and Water

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Minister for Environment, Climate Change and Water

18/5/2016

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



The Honourable Mark Bailey MP
Minister for Energy, Biofuels and Water Supply

11/15/2016

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Minister for Water

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State of South Australia by*

*Signed for and on behalf of the
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Minister for Water

04 /05 /2016

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State of Tasmania by*

The Honourable Ian Hunter MLC
Minister for Water and the River Murray

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The Honourable Jeremy Rockliff MP
Minister for Primary Industries and Water

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Minister for Agriculture and Water Resources

5/5/2016

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State of New South Wales by*

*Signed for and on behalf of the
State of Victoria by*

The Honourable Niall Blair MLC
Minister for Primary Industries

1/ /2016

The Honourable Lisa Neville MP
Minister for Environment, Climate Change and
Water

1/ /2016

*Signed for and on behalf of the
State of Queensland by*

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State of Western Australia by*

The Honourable Mark Bailey MP
Minister for Energy, Biofuels and Water Supply

1/ /2016

The Honourable Mia Davies MLA
Minister for Water

1/ /2016

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

*Signed for and on behalf of the
State of Tasmania by*



The Honourable Leon Bignell MP
Minister for Agriculture, Food and Fisheries

2/5/2016

The Honourable Jeremy Rockliff MP
Minister for Primary Industries and Water

1/ /2016

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Minister for Agriculture and Water Resources

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Minister for Primary Industries

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Minister for Environment, Climate Change and
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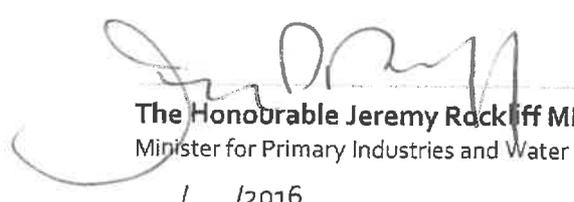
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State of Tasmania by*

The Honourable Ian Hunter MLC
Minister for Water and the River Murray

/ /2016

The Honourable Jeremy Rockliff MP
Minister for Primary Industries and Water

/ /2016



**Signed for and on behalf of the Australian
Capital Territory by**

**Signed for and on behalf of the Northern
Territory by**

The Honourable Simon Corbell MLA
Minister for Environment and Climate Change

/ /2016



The Honourable Gary Higgins MLA
Minister for Land Resource Management

3/5 /2016