

PROJECT AGREEMENT FOR THE AUGMENTATION OF CHAFFEY DAM

Council of
Australian
Governments

An agreement between:

- n the Commonwealth of Australia; and
- n New South Wales.

The output of this project will be the augmentation of Chaffey Dam and related infrastructure, in order to increase its capacity from 62GL to 100GL.

Project Agreement for the Augmentation of Chaffey Dam

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

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.
2. This Agreement will support the delivery of the augmentation of Chaffey Dam from 62 gigalitres (GL) to 100GL to secure the water supply for the city of Tamworth and the Peel Valley Water Users.
3. This Agreement constitutes the entire agreement for this project, noting the Project Management Plan to be developed by New South Wales will provide further detail on project activities consistent with agreed milestones.
4. As a separate project, dam safety upgrade work is being undertaken concurrently with the augmentation project by the State of New South Wales at a cost of \$18.029 million.

PART 1 – FORMALITIES

Parties to this Agreement

5. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of New South Wales.

Term of the Agreement

6. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 June 2016 or on completion of the project, including the acceptance of final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by the Parties.

PART 2 – PROJECT OUTPUT

Output

7. The output of this Agreement will be the augmentation of Chaffey Dam and related infrastructure, in order to increase its capacity from 62GL to 100GL.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

8. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones for the augmentation of Chaffey Dam under this Agreement to ensure the output is delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to New South Wales to support the implementation of this Agreement;
 - (c) in accordance with the *Fair Work (Building Industry) Act 2012*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2005, are only made where a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted;
 - (d) ensuring that compliance with the Building Code 2013 is a condition of Australian Government funding; and
 - (e) at its option, participating as an observer (via telephone or in person) at all meetings of the Project Management Committee to be established in accordance with clause 9 of this Agreement.

Role of New South Wales

9. New South Wales will be responsible for:
 - (a) providing a financial contribution to support the implementation of this Agreement;
 - (b) entering into an agreement with the Tamworth Regional Council as a financial project partner, to ensure security of shared financial commitments outlined in this Agreement plus ongoing operation and maintenance of the assets concerned;
 - (c) coordinating with the Commonwealth and Tamworth Regional Council on the execution of this Agreement, including establishing a Project Management Committee (the Committee) to monitor and oversee the implementation of the project;
 - (d) all aspects of delivering on the project output set out in this Agreement, including preparing and implementing a Project Management Plan that includes, amongst other things, a work schedule, procurement strategy, Work Health & Safety plan, communication plan, risk plan and stakeholder plan;
 - (e) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments;
 - (f) ensuring that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth; and
 - (g) ensuring that compliance with the Building Code 2013 is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth.

Shared roles

10. Both 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 – PROJECT MILESTONES, REPORTING AND PAYMENTS

11. Table 1 summarises the milestones for the project, relevant reporting dates and when payments are expected to be made, subject to the progress report demonstrating that the relevant milestones have been met.
12. Project milestones will be identified and agreed to by the Parties in the Project Management Plan required under clause 9 of this Agreement. The Project Management Plan is a flexible document that may be varied over time by the Project Management Committee to accommodate changes in circumstances.

Table 1: Milestones, reporting and payment summary

Milestone No.	Milestones	Progress Report due	Payment
1	Complete detailed design of dam augmentation and tender, including: <ul style="list-style-type: none"> • Development of Dam Model. • Development of Design drawings. • Development of construction specifications. • Obtain all relevant State and Commonwealth approvals to enable construction to commence. • Award construction contract. • Provision of an agreed Project Management Plan. 	15 May 2014	\$6.0m
2	Achievement of milestone activities in accordance with the Project Management Plan.	15 September 2014	\$9.2m
3	Practical completion of all Dam infrastructure.	15 February 2016	\$2.945m
4	Submission of Final Project Report to the satisfaction of the Commonwealth.	15 May 2016	\$0

Reporting arrangements

13. New South Wales will provide performance reports in accordance with Table 1 during the operation of the Agreement. Each performance report is to contain the following information:
 - (a) a description of actual performance of New South Wales in the period to date against the project milestones, including a statement as to whether the Project is proceeding in accordance with the milestone(s) and, if it is not, an explanation as to why and the action the State proposes to take to address the matter/s;
 - (b) details of any matters that have arisen which could adversely impact on the delivery of the output, and how New South Wales propose to resolve this/these matter(s);
 - (c) promotional activities undertaken in relation to, and media coverage of, the project during the reporting period and any promotional opportunities expected to arise during the next reporting period; and
 - (d) a description of the work that will be undertaken in the next project milestone.
14. New South Wales will also prepare a Final Project Report within 90 days on the completion of the project agreed under the Project Agreement. The Final Project Report will be a stand-alone document that can be used for public information dissemination purposes. The Final Project Report will:
 - (a) describe the conduct, benefits and outcomes of the Project;
 - (b) evaluate the Project, including assessing the extent to which the project's objective has been achieved and why any aspect was not achieved; and
 - (c) include a discussion of any other matters relating to the project, limited to the minimum necessary for the affective assessment of performance, which the Commonwealth notifies the State should be included in the final project report at least 60 days before it is due.
15. New South Wales agrees to meet any reasonable request by the Commonwealth to provide other information regarding the Project implementation or funding conditions.

PART 5 – FINANCIAL ARRANGEMENTS

16. The Commonwealth will provide a total financial contribution to New South Wales of \$18.145 million in respect of this Agreement, payable in accordance with the milestone(s) set out in Table 1. All payments are GST exclusive.
17. The Commonwealth's funding contribution will not be reduced where New South Wales secures funding from other activity partners through innovative and collaborative partnerships.
18. The Commonwealth's and New South Wales' estimated financial contributions 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, are shown in Table 2.

Table 2: Estimated financial contributions

(\$ million)	2013-14	2014-15	2015-16	2015-16 Risk Contingency	Total
Estimated total budget	8.250	16.500	5.295	1.736	31.781
Less estimated National Partnership Payments	6.000	9.200	2.945	0.000	18.145
Balance of non-Commonwealth contributions	2.250	7.300	2.350	1.736	13.636
- New South Wales	2.250	4.000	2.043	1.375	9.668
- Tamworth Regional Council	0.000	3.300	0.307	0.361	3.968

19. Having regard to the agreed estimated costs of the Project specified in this Project Agreement, New South Wales will not be required to pay a refund to the Commonwealth if the actual cost of the project is less than the agreed estimated cost of the project. Similarly, New South Wales bears all risk should the costs of a project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for New South Wales to deliver projects cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

20. 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

21. The Agreement may be amended at any time by agreement in writing by the Parties.
22. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

23. The Commonwealth 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

24. Either Party may give notice to the other Party of a dispute under this Agreement.
25. Officials of both Parties will attempt to resolve any dispute in the first instance.
26. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant Standing Council.

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

Signed for and on behalf of the Commonwealth of Australia by



Senator The Honourable Simon Birmingham
Parliamentary Secretary to the Minister for the Environment

Date: 26 MAY 2014

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



The Honourable Kevin Humphries MP
Minister for Natural Resources, Lands and Water

Date: 30/5/14