

PROJECT AGREEMENT FOR STAGE TWO OF THE COAG STRATEGY ON WATER AND WASTEWATER SERVICES IN REMOTE (INCLUDING INDIGENOUS) COMMUNITIES – WESTERN AUSTRALIA

Council of
Australian
Governments

An agreement between

- the Commonwealth of Australia and
- Western Australia

The output of this project will be the upgrade or replacement of critical water infrastructure in priority remote communities including Ardyaloon.

Project Agreement for Stage Two of the COAG Strategy on Water and Wastewater Services in Remote (including Indigenous) Communities – Western Australia

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** 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 Intergovernmental Agreement on Federal Financial Relations.
2. This Agreement will support the upgrade or replacement of critical water infrastructure in Ardyaloon and other priority remote communities, as agreed between the Commonwealth and the State.
3. This Agreement covers the second stage of the COAG Strategy on Water and Wastewater Services in Remote (including Indigenous) Communities -Western Australia following completion of an investigation into water and wastewater services at Ardyaloon under stage one.
4. This Agreement constitutes the entire agreement for this project, noting that the Project Management Plan to be developed by Western Australia will provide further detail on project activities consistent with agreed milestones.

PART 1 – FORMALITIES

Parties to this Agreement

5. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of Western Australia.

Term of the Agreement

6. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 June 2014 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 upgrade or replacement of critical water infrastructure in Ardyaloon and other priority remote communities as agreed between the Commonwealth and the State.

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 in the delivery of the agreed program of works under this Agreement, to ensure the output is delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to Western Australia 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; and
 - (d) ensuring that compliance with the National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry is a condition of Australian Government funding.

Role of Western Australia

9. Western Australia will be responsible for:
 - (a) providing an in-kind contribution to support the implementation of this Agreement;
 - (b) all aspects of delivering on the project output set out in this Agreement including the preparation and implementation of a comprehensive Project Management Plan that includes, among other things, strategies for procurement, communication, and stakeholder management and risk assessment/minimisation;
 - (c) 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;
 - (d) ensuring that compliance with the National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of

Practice for the Construction Industry, is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth; and

- (e) reporting on the delivery of milestones as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

- 10. Both Parties will meet the requirements of Schedule E, Clause 26 of the **Intergovernmental Agreement on Federal Financial Relations**, 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. The following table summarises the milestones for the project, relevant reporting dates and when payments are expected to be made once a satisfactory report certifying that milestones have been met is received by the Commonwealth. The milestone dates assume that the Project Agreement has been signed by both parties by 31 January 2013.
- 12. The Project Management Plan required under Paragraph 9(b) of this Project Agreement, will provide further detail on the achievement of the project output in accordance with the milestones and reporting requirements outlined below.
- 13. The Project Management Plan is a flexible document that may be varied over time to accommodate changed circumstances. However, variations to the Project Management Plan that directly affect milestones and their achievement are subject to written agreement.

Table 1: Milestones, reporting and payment summary

Output	Milestones	Relevant Report due	Payment
Upgrade or replacement of critical water infrastructure in Ardyaloon and other priority remote communities	Satisfactory completion of the Project Management Plan for the upgrade or replacement of critical water infrastructure in Ardyaloon and other priority remote communities, as agreed by the Parties. Achievement of milestones in accordance with the Project Management Plan.	15 March 2013	\$2.0 m
	Achievement of milestones in accordance with the Project Management Plan. Construction contracts awarded for initial priority communities.	15 May 2013	\$3.0m
	Achievement of milestones in accordance with the Project Management Plan.	15 November 2013	\$2.5m
	Project completion including: <ul style="list-style-type: none"> • achievement of project milestones in accordance with the Project Management Plan • commissioning of all works. Submission of a final Project Report to the satisfaction of the Commonwealth.	15 April 2014	\$2.5m

Reporting arrangements

- Western Australia will provide performance reports in accordance with the above table during the operation of the Project Agreement. Each performance report is to contain the following information:

- (a) a description of actual performance of Western Australia in the period to date against the project milestones, including a statement as to whether the project is proceeding in accordance with the milestones 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 matter(s) that have arisen which could adversely impact on the delivery of the Output, and how Western Australia 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 to complete the remaining project milestones.
15. Western Australia will also prepare a final Project Report 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 and agreed between the Commonwealth and the State at least 60 days before it is due.
16. The State agrees to meet any reasonable request by the Commonwealth to provide other information regarding the project implementation or funding conditions.

PART 5 – FINANCIAL ARRANGEMENTS

17. The Commonwealth will provide a financial contribution to Western Australia of \$10 million in respect of this Agreement, payable in accordance with the milestones set out in Table 1. All payments are GST exclusive.
18. The Commonwealth's funding contribution will not be reduced where Western Australia secures funding from other activity partners through innovative and collaborative partnerships.
19. The Commonwealth and Western Australia's estimated financial contributions to the operation of this Project Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**, are shown in Table 2.

Table 2: Estimated financial contributions

(\$ million)	2012-13	2013-14	Total
Estimated total budget	5.000	5.000	10.000
Less estimated National Partnership Payments	5.000	5.000	10.000
Balance of non-Commonwealth Government contributions	0.000	0.000	0.000

20. Having regard to the agreed estimated costs of the project specified in this Project Agreement, Western Australia 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, Western Australia 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 Western Australia to deliver projects 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 the Parties.
23. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

24. 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

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

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 Don Farrell
Parliamentary Secretary for Sustainability and
Urban Water

Date: 12/2/13

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



Terry Redman MLA
Minister for Housing

Date: 20/1/13

