

PROJECT AGREEMENT EXTENDING WATER RECYCLING AT TORQUAY

Council of
Australian
Governments

An agreement between:

- the Commonwealth of Australia; and
- the State of Victoria.

The output of this project will be the construction of a dual pipeline system to deliver recycled water to up to 3,000 new homes in north Torquay.

Project Agreement for Extending water recycling at Torquay

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 delivery of a dual pipeline system to deliver recycled water to up to 3,000 new homes in north Torquay, Victoria.
3. This Agreement constitutes the entire agreement for this project. This amended version of the Agreement wholly replaces the previous Project Agreement on 'Extending water recycling at Torquay' of 7 May 2012.

PART 1 – FORMALITIES

Parties to this Agreement

4. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of Victoria (the State).

Term of the Agreement

5. This Agreement will commence as soon as the Commonwealth and the State sign the Agreement and will expire on 30 June 2015, or once the project is complete and final report provided, unless terminated earlier or extended as agreed in writing by the Parties.

Enforceability of the Agreement

6. 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.

Role of the Commonwealth

7. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the Extending water recycling at Torquay project under this Agreement to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to the State to support the implementation of this Agreement;
 - (c) in accordance with the *Building and Construction Industry Improvement Act 2005*, ensuring that financial contributions to a building project or projects as defined under the Building and Construction 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.
8. The Commonwealth, at its option, may be an observer to a Project Management Committee Barwon Water establishes to monitor and oversee the implementation of the Project.

Role of the State

9. The State will be responsible for:
 - (a) coordinating with the Commonwealth and Barwon Water on the execution of this Agreement (Barwon Water is the delivery agent);
 - (b) overseeing Barwon Water to ensure that it meets its responsibilities under this Agreement;
 - (c) on-forwarding funding to Barwon Water provided through this Agreement and related schedules, and in accordance with Schedule D — Payment Arrangements outlined in the Intergovernmental Agreement on Federal Financial Relations; and
 - (d) forwarding performance reports to the Commonwealth.
10. The State agrees to continue the reforms agreed at the Council of Australian Governments in relation to urban water, including the urban water pricing principles and urban water planning principles.
11. The State agrees to have in place a Project Agreement with Barwon Water Region Water Corporation which will state that Barwon Water will be responsible for the following:
 - (a) providing a financial and/or in-kind contribution to support the implementation of this Agreement;
 - (b) all aspects of delivering on the project outputs set out in this Agreement;
 - (c) having in place a Project Management Plan for the overall project;
 - (d) 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;

- (e) 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
- (f) reporting on the delivery of outputs, through the State as set out in Part 4—Project Milestones, Reporting and Payments.
- (g) agreeing to allow, at all reasonable times, appropriate Commonwealth representatives access to all sites where Project works are being or have been undertaken.

Shared roles

- 12. 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 2 – PROJECT OUTPUT

Output

- 13. The output of this Agreement will be the construction of a dual pipeline system to deliver recycled water to up to 3,000 new homes in north Torquay to reduce household reliance on potable water supplies.

PART 3 – FINANCIAL ARRANGEMENTS

- 14. The Commonwealth will provide a total financial contribution to the State of \$10.5 million in respect of this Agreement. All payments are GST exclusive.
- 15. The Commonwealth's funding contribution will not be reduced where Barwon Water secures funding from other activity partners through innovative and collaborative partnerships.
- 16. The Commonwealth's and the State's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the State paid in accordance with *Schedule D – Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**, are shown in Table 1.

Table 1: Estimated financial contributions

(\$ million)	Year 1	Year 2	Year 3	Year 4	Total
	2011-12	2012-13	2013-14	2014-15	
(i) Business Case documentation	\$1.00	\$0.00	\$0.00	\$0.00	\$1.00
(ii) Detailed design, winter storage early works	\$0.85	\$1.21	\$0.00	\$0.00	\$2.06
(iii) Pipeline materials on site	\$0.00	\$1.20	\$2.20	\$0.00	\$3.40
(iv) Construction of pipelines	\$0.00	\$1.76	\$2.75	\$0.60	\$5.11
(v) Construction of balance tank and chemical dosing facility	\$0.00	\$0.20	\$3.08	\$0.90	\$4.18
(vi) Construction of winter storage	\$0.00	\$0.20	\$2.80	\$0.62	\$3.62
(vii) Commissioning of recycled water network	\$0.00	\$0.00	\$0.20	\$0.50	\$0.70
(viii) End of performance evaluation activities and provision of the final report	\$0.00	\$0.00	\$0.00	\$0.40	\$0.40
(ix) Project management	\$0.15	\$0.15	\$0.15	\$0.15	\$0.60
Estimated total budget	\$2.00	\$4.72	\$11.18	\$3.17	\$21.07
Less estimated National Partnership Payments	\$1.00	\$2.36	\$5.59	\$1.55	\$10.50
<i>Balance of non-Commonwealth contributions</i>	\$1.00	\$2.36	\$5.59	\$1.62	\$10.57

Notes: Figures may not add due to rounding.

17. National Partnership payments to the State will be paid in accordance with *Schedule D—Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**.
18. Having regard to the agreed estimated costs of projects specified in a Project Agreement, the State 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, the State 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 the State to deliver projects cost effectively and efficiently.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

Table 2: Milestones, reporting and payment summary

Output	Milestone(s)	Date due	Relevant Report due	Payment (\$millions)
Construction of a dual pipeline system to deliver recycled water to homes in north Torquay	(i) Completion of business case for project to the satisfaction of the Commonwealth	March 2012	April 2012	\$1.0
	(ii) Completion of detailed design (transfer and distribution pipelines and balance tank) Order key materials (pipe, valves, fittings) for pipelines Early works completed (biosolids removal) on winter storage Issues identified in the independent review of the business case conducted by Parsons Brinckerhoff Australia Pty Ltd are addressed to the satisfaction of the Commonwealth	Expected by June 2012	Milestone completion report due 1 July 2012	\$1.0
	(iii) Construction contracts awarded, site established and ground works commenced for the balance tank and winter storage. Key materials (pipe, valves, fittings) for pipelines procured. Completion of detailed design (winter storage)	Expected by December 2012	Milestone completion report due 15 March 2013	\$1.36
	(iv) Construction contracts awarded, site established and ground works commenced for the transfer and distribution pipelines.	Expected by July 2013	Milestone completion report due 1 August 2013	\$5.59
	(v) Completion of construction and commissioning of the winter storage, transfer pipeline, balance tank and distribution pipeline.	Expected by June 2014	Milestone completion report due 1 July 2014	\$1.05
	(vi) Final completion and end of performance evaluation activities and acceptance of the final report by the Commonwealth.	Expected by 1 November 2014	Milestone completion report due 1 December 2014	\$0.50

Reporting arrangements

19. The State, will provide progress reports at six monthly intervals (unless otherwise agreed by the parties) and performance reports in accordance with the above table during the operation of the Agreement. Each performance report is to contain the following information:
 - (a) a description of actual performance of the State in the period to date against the project milestones;
 - (b) details of any matter(s) that have arisen which could adversely impact on the delivery of the output, and how the State proposes to resolve this/these matter(s); and
 - (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.
20. The State will also provide a final Project Report within 90 days on the completion of the project agreed under the Project Agreement. The 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 from the responsible Party's perspective, including assessing the extent to which the project milestones have 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 effective 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.

PART 5 – GOVERNANCE ARRANGEMENTS

Dispute resolution

21. Either Party may give notice to the other Party of a dispute under this Agreement.
22. Officials of the Parties will attempt to resolve any dispute in the first instance.
23. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant Ministerial Council.
24. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to COAG for consideration.

Variation of the Agreement

25. The Agreement may be amended at any time by agreement in writing by the Parties.
26. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Execution

27. 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: 26/2/13

Signed for and on behalf of the
State of Victoria by



The Honourable Peter Walsh MP
Minister for Water

Date: 17.2.2013