

PROJECT AGREEMENT FOR GUNN POINT ROAD UPGRADE

An agreement between:

- the Commonwealth of Australia; and
- the Northern Territory.

The output of this project will be providing a Commonwealth contribution for the delivery of the Gunn Point Road Upgrade, in line with the National Partnership Agreement on Asset Recycling.

Project Agreement for Gunn Point Road Upgrade

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 the delivery of the Gunn Point Road Upgrade project.

Reporting Arrangements

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

Financial Arrangements

4. The Commonwealth will provide an estimated total financial contribution to the Northern Territory of \$4.3 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.

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the Northern Territory.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and the Northern Territory sign it 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 the Parties.

PART 2 – PROJECT OUTPUT

Output(s)

8. The output(s) of this Agreement will be the construction of the Gunn Point Road Upgrade project using proceeds from the divestment of agreed assets under the National Partnership Agreement (NPA) on Asset Recycling.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

9. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the Gunn Point Road Upgrade project under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (b) providing a consequent financial contribution to the Northern Territory to support the implementation of this Agreement..

Role of the Northern Territory

10. The Northern Territory will be responsible for:
 - (a) all aspects of delivering on the project outputs set out in this Agreement; and
 - (b) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

11. The Parties will
 - (a) participate in consultations as appropriate regarding the implementation of this Agreement; and
 - (b) 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

12. Table 1 summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made. The Commonwealth will make payments subject to the annual performance report demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary

Output	Performance milestones	Report due	Payment
Construction of the Gunn Point Road Upgrade project	As per clause 20 (a) of the NPA on Asset Recycling, commencement of planning and approvals for the Gunn Point Road Upgrade.	31 May 2019	\$2.13m
	As per clause 20 (b) of the NPA on Asset Recycling, commencement of construction of road upgrades to Gunn Point Road	31 May 2019	\$2.13m

13. If a milestone is met in advance of the due date, where the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated payment earlier than scheduled provided it falls within the same financial year as the original milestone date.

Reporting arrangements

14. The Northern Territory will report against the performance milestones in a Statement of Assurance. A Statement of Assurance is to be furnished to the Commonwealth upon achieving each of the performance milestones, and must:
- (a) state which of the two milestones has been achieved;
 - (b) be authorised in writing by the Treasurer for the Northern Territory; and
 - (c) be accepted by the Commonwealth for the associated payment to be made.
15. For Milestone 1, the Statement of Assurance will also:
- (a) provide the book value of the net assets agreed under the NPA on Asset Recycling;
 - (b) identify the amount to be reinvested in the Gunn Point Road Upgrade project;
 - (c) list the steps that are required ahead of the sale of assets agreed under the NPA on Asset Recycling, such as addressing any regulatory constraints, corporatisation and introducing enabling legislation, and confirm that these have commenced;
 - (d) list the steps that have been taken to commence planning and approvals for the Gunn Point Road Upgrade project; and
 - (e) provide an indicative timeframe for expected completion of the asset sale agreed under the NPA on Asset Recycling, construction commencement and construction completion of the Gunn Point Road Upgrade project.
16. For Milestone 2, the Statement of Assurance will also:
- (a) state the expected cost of the Gunn Point Road Upgrade project and the date that construction commenced;

- (b) for the completion of asset sales agreed under the NPA on Asset Recycling, report the date of the asset sale and the final proceeds;
- (c) report the proportion of the asset sale proceeds used for purposes other than the agreed infrastructure investment and the amount reinvested in the Gunn Point Road Upgrade project;
- (d) certify that the full amount of the payment provided by the Commonwealth has been, or will be, invested in the Gunn Point Project Upgrade project;
- (e) provide an indicative timeframe for the expected completion of the Gunn Point Road Upgrade project; and
- (f) be accompanied by relevant supporting documentation that the Northern Territory and the Commonwealth deem necessary for the Commonwealth to authorise the associated payment.

PART 5 – FINANCIAL ARRANGEMENTS

- 17. The Commonwealth will provide an estimated total financial contribution to the Northern Territory of \$4.3m in respect of this Agreement. All payments are GST exclusive.
- 18. The Commonwealth's funding contribution will not be reduced where the Northern Territory secures funding from other activity partners.
- 19. The Commonwealth's and the Northern Territory's estimated financial contributions to the operation of this Agreement, including through National Partnership payments to the Northern Territory paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

Table 2: Estimated financial contribution

(\$ million)	2018-19
Estimated total budget	32.7
Less estimated National Partnership Payments	4.3
Balance of non-Commonwealth contributions	28.4

- 20. Having regard to the agreed estimated costs of projects specified in this Agreement, the Northern Territory 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 Northern Territory 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 Northern Territory 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 both the Parties.
23. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

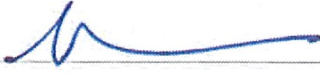
24. The Commonwealth Minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

25. Either Party may give notice to other Party of a dispute under this Agreement.
26. Officials of both 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.

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

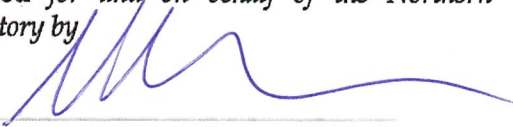
*Signed for and on behalf of the Commonwealth
of Australia by*

A blue ink signature, appearing to be 'J Frydenberg', written over a horizontal line.

The Honourable Josh Frydenberg MP
Treasurer of the Commonwealth of Australia

6 April 2019

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

A blue ink signature, appearing to be 'N Manison', written over a horizontal line.

The Honourable Nicole Manison MLA
Treasurer of the Northern Territory

30 April 2019