

# PROJECT AGREEMENT FOR JOBS AND GROWTH PLAN PROJECTS UNDER THE TASMANIAN FORESTS INTERGOVERNMENTAL AGREEMENT 2013

Council of  
Australian  
Governments

An agreement between

- the **Commonwealth of Australia** and
- the **State of Tasmania**

The outputs of this project will deliver a suite of projects to support increased diversification of the Tasmanian economy and to deliver Jobs and Growth under the Tasmanian Forests Intergovernmental Agreement 2013.

# Project Agreement for Jobs and Growth Plan Projects under the Tasmanian Forests Intergovernmental Agreement 2013

## 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 should also be read in conjunction with the Tasmanian Forests Intergovernmental Agreement 2013.
3. This Agreement provides for a Commonwealth financial contribution of \$16 million in 2011-12 and \$3 million in 2012-13 to support projects which support economic diversification, jobs and growth in Tasmania.
4. This Agreement constitutes the entire agreement for this project and replaces the previous Project Agreement for Economic Diversification Projects under the Tasmanian Forests Intergovernmental Agreement that came into force on 7 May 2012.

### PART 1 – FORMALITIES

#### Parties to this Agreement

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

#### Term of the Agreement

6. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 November 2014 or on completion of the projects, including 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 OUTPUTS

### Outputs

7. The outputs of this Agreement will be:
- (a) **Output 1**, a not-for-profit agricultural trade centre of excellence 'Agritas' in the Circular Head region;
  - (b) **Output 2**, a freshwater dam and bathing system in the D'Entrecasteaux Channel to facilitate expansion and developments in the sea-farmed salmon industry;
  - (c) **Output 3**, a state-wide sensor network and decision support system to provide integrated physical, environmental and infrastructure sensing information, which will include:
    - (i) the purchase and establishment of core infrastructure; and
    - (ii) practical projects including, but not limited to, agricultural optimisation, aquaculture optimisation, catchment and flood risk management, supporting emerging carbon markets, fruit and viticulture optimisation, food logistics, and source of origin certification for forestry products;
  - (d) **Output 4**, an upgrade of the Maria Island jetty and a feasibility study to examine eco-tourism development opportunities on the island;
  - (e) **Output 5**, electrical power infrastructure along the Marcus River road to enable conversion of land to dairy farming;
  - (f) **Output 6**, an innovative research project to optimise Tasmania's wine production, including through identifying micro-climates such as seasonal frost-free sites for cool-climate wine production and provision of development and extension services;
  - (g) **Output 7**, a facility in the Derwent Valley to chill and snap-freeze soft fruit;
  - (h) **Output 8**, a feasibility study to test the economic and environmental case for an all-season walking and ecotourism track from Mount Wellington to the Western Tasmanian World Heritage Areas;
  - (i) **Output 9**, a business plan for the Centre for Food Innovation, that also maximises the benefits for Scottsdale including possible test product processing facilities in Scottsdale;
  - (j) **Output 10**, a scoping study to investigate, a transition from native forest resource to the utilisation and value-adding of a plantation resource over time within a collaborative business model venture of Tasmanian regional sawmills,
  - (k) **Output 11**, detailed investigation of options and processes to deal with timber residues in the medium and longer term, identifying available options and best use of timber residues and plantation timber resources that deliver long-term sustainable options for residue and/or plantation use in Tasmania, and
  - (l) **Output 12**, a Special Species Timber volume review and Management Plan including a reassessment of the Special Craft and Timber Zone.

## 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 economic diversification and jobs and growth projects in Tasmania 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) where applicable, 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) where applicable, 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 the State

9. The State will be responsible for:
- (a) all aspects of delivering on the project outputs set out in this Agreement;
  - (b) reporting on the delivery of outputs as set out in Part 4 — Project Milestones, Reporting and Payments;
  - (c) where applicable, 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
  - (d) where applicable, 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.

### Shared roles

10. The 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, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made, once a report certifying that milestones have been met is received and accepted.

**Table 1: Milestones, reporting and payment summary**

Output	Milestones	Relevant Report due	Payment
Circular Head Agricultural Trade College - Agritas	Contract terms and deliverables agreed between State and Agritas to deliver project.	31/05/2012	\$4.25m
Freshwater dam to facilitate aquaculture development	Contract terms and deliverables agreed between State and Tassal Group Limited to deliver project.	31/05/2012	\$3.924m
SenseT: an integrated natural resource sensor network	Contract terms and deliverables agreed between State and University of Tasmania to deliver project.	31/05/2012	\$3.6m
Jetty upgrade on Maria Island and ecotourism feasibility study	Project terms and deliverables agreed through an exchange of letters between the secretaries of the Tasmanian departments of Primary Industries, Parks, Water and Environment, and Economic Development.	31/05/2012	\$1.6m
Electrical power infrastructure along Harcus River Road	Contract terms and deliverables agreed between State and the Circular Head Council to deliver project.	31/05/2012	\$1.5m
Wine Research: Identification of sites to expand Tasmanian wine production and provision of development extension services	Contract terms and deliverables agreed between State, Tasmanian Institute of Agriculture, University of Tasmania and Smart Viticulture to deliver project.	31/05/2012	\$0.4m
Soft fruit chilling and snap freezing facility in the Derwent Valley	Contract terms and deliverables agreed between State and Derwent Valley Council to deliver project.	31/05/2012	\$0.3m
Feasibility study for a walking and ecotourism track: Mt Wellington to Western Tasmania World Heritage Areas	Contract terms and deliverables agreed between State and Wellington Park Management Trust, to deliver project.	31/05/2012	\$0.2m

Business Plan for the Centre for Food Innovation, that maximises the benefits for Scottsdale including possible test product processing facilities in Scottsdale	Contract terms and deliverables agreed between State and the University of Tasmania to deliver project.	31/05/2012	\$0.15m
Scoping study for collaborative business model for Tasmanian regional sawmills	Contract terms and deliverables agreed between State and Tasmanian Sawmillers Association to deliver project.	31/05/2012	\$0.076m
Detailed investigation of options and processes to deal with timber residues in the medium and longer term	Project terms and deliverables agreed through an exchange of letters between the secretaries of the Tasmanian departments of Economic Development Tourism and the Arts and Infrastructure, Energy and Resources, to deliver the project.	14/06/2013	\$1.0m
A Special Species Timber volume review and Management Plan including a reassessment of the Special Craft and Timber Zone.	Project terms and deliverables agreed through an exchange of letters between the secretaries of the Tasmanian departments of Economic Development Tourism and the Arts and Infrastructure, Energy and Resources, to deliver the project.	14/06/2013	\$2.0m

## Reporting arrangements

12. The State will provide four progress reports, at six monthly intervals, in January 2013, July 2013, January 2014 and July 2014.
13. Project report one will cover outputs 1 to 10 detailed at Clause 8. Reports 2, 3 and 4 will cover all outputs (1 to 12, clause 8 refers) except where an output has been delivered and reported on in an earlier report.
14. Each progress report is to contain the following information:
  - (a) a description of actual performance of the State in the period to date against the project outputs;
  - (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.

15. The State will also prepare a final Project Report by November 2014, covering outputs 1 to 12 (clause 8 refers). 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 and agreed between the Commonwealth and the State, at least 60 days before it is due.

## PART 5 – FINANCIAL ARRANGEMENTS

16. The Commonwealth will provide a total financial contribution to the State of \$19.0 million in respect of this Agreement, \$16 million of which was paid in June 2012, the remaining \$3 million to be paid in June 2013. All payments are GST exclusive.
17. The Commonwealth's funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.
18. The Commonwealth'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 2.

**Table 2: Estimated financial contributions**

(\$ million)	2011-12	2012-13
<b>Estimated total budget</b>	<b>54.743</b>	<b>3.0</b>
Less estimated National Partnership Payments	16.0	3.0
Balance of non-Commonwealth contributions <sup>1</sup>	38.743	0.0

<sup>1</sup> Projects which include non-Commonwealth contributions are: Output 2: \$1.308 million; Output 3: \$36.4 million; Output 6: \$0.125 million; Output 7: \$0.7 million; Output 9: \$0.15 million; Output 10: \$0.06 million. Outputs 1, 4, 5, 8, 11 and 12 do not include any other contribution.

19. 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 States bear 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 States 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 all the Parties.
22. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties 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.

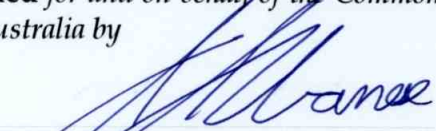
## Dispute resolution

24. Any Party may give notice to other Parties of a dispute under this Agreement.
25. Officials of relevant 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.
27. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to the Commonwealth and Tasmanian First Ministers.



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

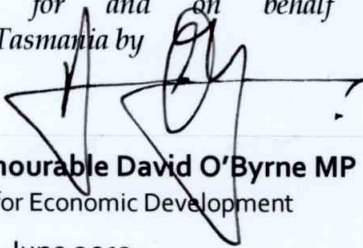
**Signed for and on behalf of the Commonwealth  
of Australia by**



**The Honourable Anthony Albanese MP**  
Minister for Regional Development and Local  
Government

7 June 2013

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



**The Honourable David O'Byrne MP**  
Minister for Economic Development

7. June 2013