

# PROJECT AGREEMENT FOR THE INTERIM GREAT ARTESIAN BASIN INFRASTRUCTURE INVESTMENT PROGRAM

An agreement between:

- the Commonwealth of Australia; and
- the States and Territories of
  - ♦ New South Wales,
  - ♦ Queensland,
  - ♦ South Australia, and
  - ♦ the Northern Territory.

The output of this project will be strategic investments in groundwater infrastructure renewal and related activities to advance the sustainable management of Great Artesian Basin groundwater resources.

# Project Agreement for the Interim Great Artesian Basin Infrastructure Investment Program

## 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 strategic investments in groundwater infrastructure renewal and related activities to advance the sustainable management of Great Artesian Basin groundwater resources.

### Reporting Arrangements

3. The States will report annually 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 States of up to \$8,000,000 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 States and Territories of New South Wales, Queensland, South Australia and the Northern Territory (the States).

### Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and one other Party 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**

### **Outputs**

8. To recover water and maintain water pressure within the Basin, the outputs of this Agreement will be the:
  - (a) replacement of old bores legally operating in an uncontrolled state with controlled bores and efficient, controlled watering systems; and
  - (b) restoration of critical infrastructure assets.

## **PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY**

### **Role of the Commonwealth**

9. In addition to the roles and responsibilities set out in Schedule A, the Commonwealth will be responsible for:
  - (a) monitoring and assessing achievement against milestones in the delivery of the Interim Great Artesian Basin Infrastructure Investment Program under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
  - (b) providing a consequent financial contribution to the States to support the implementation of this Agreement.

### **Role of the States**

10. In addition to the roles and responsibilities set out in Schedule A, the States will be responsible for:
  - (a) providing a financial contribution to support the implementation of this Agreement;
  - (b) all aspects of delivering on the project output set out in this Agreement; and
  - (c) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.

### **Shared roles**

11. The Commonwealth and the States will:
  - (a) be jointly responsible for developing and agreeing bilateral schedules, in accordance with Part 4 – Project Milestones, Reporting and Payments, and Schedule A to this Agreement, concurrently with or as soon as possible following the signing of this Agreement, a list of projects to be completed by 30 April 2018 and 30 April 2019 respectively; 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. Milestones for projects, their relationship to the output, expected completion dates, relevant reporting dates and expected payments to be made, will be set out in the in bilateral Schedules

to this Agreement. The Commonwealth will make payments subject to the annual performance report demonstrating the relevant milestone has been met.

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 States will provide an annual performance report by 30 April each year as set out in the bilateral schedules to this Agreement.
15. The annual performance report will contain:
  - (a) a certificate of attainment of practical completion for each complete project;
  - (b) the number and cost of eligible bores rehabilitated or capped;
  - (c) the number, length and cost of controlled watering systems installed;
  - (d) the length of open bore drains replaced;
  - (e) estimates, using best available information of volume of water recovered permanently for the environment;
  - (f) the number and cost of bores rehabilitated and/or piped that have a significant impact on pressure recovery for Basin dependent springs; and
  - (g) details of any matters that have arisen which could adversely impact on the delivery of the output, and how the State proposes to resolve these matters.
16. In addition to the information required under clause 15, the second annual performance report will:
  - (a) describe the conduct, benefits and outcomes of the projects including factors which have influenced their delivery; and
  - (b) set out where data has been stored and the access and user arrangements applicable to the data where projects capture data from metering and bore pressure devices in accordance with clause A9 of Schedule A of this Agreement.
17. For the purposes of this Agreement practical completion means:
  - (a) works are completed except for minor defects or omissions, which do not prevent the works being used for their stated purpose;
  - (b) all scheduled tests of new infrastructure have been undertaken, are successful and demonstrate operational performance as expected; and
  - (c) works are fit for the designated use.

## PART 5 – FINANCIAL ARRANGEMENTS

18. The Commonwealth will provide an estimated total financial contribution to the States of up to \$8.0 million in respect of this Agreement. All payments are GST exclusive.
19. The Commonwealth's funding contribution will not be reduced where the States secure funding from other activity partners.
20. The Commonwealth's and the States' 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 1.

**Table 1: Estimated financial contributions**

(\$ million)	2017-18	2018-19	Total
<b>Estimated total budget</b>	<b>8.0</b>	<b>8.0</b>	<b>16.0</b>
Less estimated National Partnership Payments	4.0	4.0	8.0
Balance of non-Commonwealth contributions <sup>(a)</sup>	4.0	4.0	8.0

(a) Non-Commonwealth contributions include State contributions but exclude third party contributions which may be included in projects agreed through bilateral schedules in accordance with clause 11(a) and Schedule A of this Agreement.

21. Having regard to the agreed estimated costs of projects specified in this Agreement, a 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

22. 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

23. The Agreement may be amended at any time by agreement in writing by all the Parties.
24. Bilateral schedules to this Agreement that have no impact on other Parties may be amended at any time by agreement in writing by the relevant Commonwealth and State portfolio ministers.
25. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all Parties in writing.

### Delegations

26. 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

27. Any Party may give notice to other Parties of a dispute under this Agreement.
28. Officials of relevant Parties will attempt to resolve any dispute in the first instance.

29. 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*



**The Honourable Barnaby Joyce MP**  
Minister for Agriculture and Water Resources

[Day] [Month] [Year]

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



**The Honourable Niall Blair MLC**  
Minister for Minister for Primary Industries

[Day] [Month] [Year]

7 / 12 / 2017

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

**The Honourable Ian Hunter MLC**  
Minister for Sustainability, Environment and  
Conservation

[Day] [Month] [Year]

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

**The Honourable Dr Anthony Lynham MP**  
Minister for Natural Resources and Mines

[Day] [Month] [Year]

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

**The Honourable Lauren Jane Moss MLA**  
Minister for Environment and Natural Resources

[Day] [Month] [Year]

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

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

**The Honourable David Littleproud MP**  
Minister for Agriculture and Water Resources

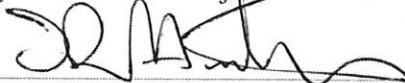
[Day] [Month] [Year]

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

**The Honourable Niall Blair MLC**  
Minister for Primary Industries

[Day] [Month] [Year]

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



**The Honourable Ian Hunter MLC**  
Minister for Sustainability, Environment and  
Conservation

20 December 2017

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

**The Honourable Dr Anthony Lynham MP**  
Minister for Natural Resources and Mines

[Day] [Month] [Year]

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

**The Honourable Lauren Jane Moss MLA**  
Minister for Environment and Natural Resources

[Day] [Month] [Year]



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

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

**The Honourable David Littleproud MP**  
Minister for Agriculture and Water Resources

[Day] [Month] [Year]

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

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

**The Honourable Niall Blair MLC**  
Minister for Primary Industries

[Day] [Month] [Year]

**The Honourable Ian Hunter MLC**  
Minister for Sustainability, Environment and  
Conservation

[Day] [Month] [Year]

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

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

**The Honourable Dr Anthony Lynham MP**  
Minister for Natural Resources, Mines and Energy

[Day] [Month] [Year]

6 / 2 / 18

**The Honourable Lauren Jane Moss MLA**  
Minister for Environment and Natural Resources

[Day] [Month] [Year]

Schedule A

# Assessment Guidelines and Project Eligibility Criteria

## PROJECT AGREEMENT FOR THE INTERIM GREAT ARTESIAN BASIN INFRASTRUCTURE INVESTMENT PROGRAM

### ASSESSMENT GUIDELINES

- A1 These Assessment Guidelines provide advice to assist the States in preparing a list of eligible projects for funding under Interim Great Artesian Basin Infrastructure Investment Program (IGABIIP).
- A2 The Commonwealth agrees to assess the project lists on a State-by-State basis for inclusion as bilateral schedules to this Agreement in accordance with the Assessment Guidelines set out in this Schedule.
- A3 The State Minister will provide to the Commonwealth Minister a list of proposed projects for the term of this Agreement which contain the details of each project including:
- (a) the estimated costings and completion date for each activity under each project;
  - (b) the proposed funding formulas to be applied to each project (including details of proposed Commonwealth, State, third party and other contributions, where relevant);
  - (c) relevant outcomes for each project (for example, estimated water savings, expected improvement in water pressure near Basin-dependant springs);
  - (d) a description of the selection process for each project, including the method by which the voluntary interest of eligible third parties for assistance under the Program has been called for and assessed; and
  - (e) a description of the methods adopted to design and implement each project and, where necessary, justification for the particular approach taken.
- A4 States may include cash and in-kind contributions in estimating the cost of each proposed project. Only direct costs associated with the IGABIIP are acceptable as such contributions. Administration items incurred and salaries and wages for officers spending less than 20 per cent of their time on the IGABIIP, should not be included.
- A5 In considering whether to agree to the list of proposed projects submitted by the State, the Commonwealth Minister will take into account for each project:
- (a) consistency with the project eligibility criteria in this Schedule and the outputs of this Agreement;
  - (b) the transparency and equity of the process used to select projects;

- (c) the 'value for money' of the projects, having particular regard to the cost of each proposed project compared to the water estimated to be saved for the environment and the degree of protection to high value natural springs afforded by such a project; and
  - (d) the amount of funding available each financial year for this purpose.
- A6 Should the Commonwealth agree to the proposed project, payments will be made on a matched basis subject to the State achieving milestones specified in the bilateral schedules to this Agreement.
- A7 States will provide evidence in each annual performance report as to how the requirements of clauses A5 and A9 have been given effect.

## PROJECT ELIGIBILITY CRITERIA

- A8 Projects and activities that are eligible for funding under the IGABIIP include:
- (a) rehabilitation or replacement of old bores legally operating in an uncontrolled state with controlled bores and efficient, controlled watering systems, particularly where such works will maintain or improve the flow of water to high value GAB-dependant springs;
  - (b) rehabilitation or replacement where there has been a critical failure of infrastructure assets previously rehabilitated under earlier programs jointly funded by the Parties, due to the impact of highly corrosive areas or a generic failure of technology not due to poor workmanship but not including normal maintenance costs; and
  - (c) activities to encourage best practice approaches to maintaining water extraction and distribution infrastructure including: audits of completed works, compliance activities, project management costs and marketing and promotional material for the program.
- A9 All projects under clauses A8(a) and (b) must have a water meter or pressure monitoring device. Any new water meter that is installed must be pattern approved (by the meter manufacturer or supplier) in accordance with requirements of the National Measurement Institute and installed and operated in accordance with ATS 4747 of Standards Australia.
- A10 At least 70 per cent of the estimated water savings from each project under clauses A8(a) and (b) will be directed to restoring pressure to the formation in which it is saved in the Basin and must not be reallocated by the States for consumptive purposes.
- A11 All projects under clauses A8(a) and (b) require third party financial contributions. States may determine the quantum of third party contributions required for eligibility under this clause.