

# NATIONAL PARTNERSHIP AGREEMENT ON THE IMPLEMENTATION OF THE TASMANIAN FORESTS INTERGOVERNMENTAL AGREEMENT 2013

Council of  
Australian  
Governments

An agreement between

- the Commonwealth of Australia and
- the State of Tasmania

This Agreement will support the Tasmanian forestry industry transition to a sustainable future, protect native forests with important conservation values and support the diversification of the Tasmanian economy.

# National Partnership Agreement on the Implementation of the Tasmanian Forests Intergovernmental Agreement 2013

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

### PRELIMINARIES

1. This National Partnership 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.
2. In entering this Agreement, the Commonwealth and Tasmania agree to work together to support the Tasmanian forest industry to progressively transition to a more sustainable and diversified footing and to build regional economic diversity and community resilience, and to deliver important conservation benefits.
3. This Agreement:
  - (a) terminates and replaces the National Partnership Agreement on the Implementation of the Tasmanian Forests Intergovernmental Agreement signed by the Prime Minister, the Hon Julia Gillard MP and the Tasmanian Premier, the Hon Lara Giddings MP on 27 September 2011;
  - (b) deals only with a portion of funding under the Tasmanian Forests Intergovernmental Agreement 2013 that is being provided directly to Tasmania by the Commonwealth, in addition to which the Commonwealth and Tasmania will each deliver a range of assistance and economic diversification programs; and
  - (c) should be read in conjunction with the Tasmanian Forests Intergovernmental Agreement 2013.
4. All funding under this Agreement is provided pursuant to the ongoing implementation of the Tasmanian Forest Agreement legislation 2013 and any other requirements set out in this Agreement.

5. This Agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage (for example, the reform commitments provided in the National Indigenous Reform Agreement) and those commitments are embodied in the objectives and outcomes of this Agreement.

## **PART 1 – FORMALITIES**

### **Parties to this Agreement**

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

### **Term of the Agreement**

7. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 June 2016 for all elements except reserve management which is ongoing, or on completion of the projects, including the acceptance of final performance reporting and processing of final payments against project milestones. The Agreement may be terminated earlier or extended as agreed in writing by the Parties.
8. Recognising the ongoing nature of funding to support the management of additional reserves, arrangements for the extension of this aspect of the Agreement will be agreed between the Parties to the Agreement prior to 30 June 2016.

## **PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS**

### **Objectives**

9. The Parties agree to work together to facilitate the implementation of the Tasmanian Forests Intergovernmental Agreement 2013, to support:
  - (a) a Tasmanian forest industry that has a strong, sustainable and certain future;
  - (b) the formal legislative protection and management of native forest identified in the Schedules of the Tasmanian Forest Agreement legislation 2013 for current and future generations; and
  - (c) a Tasmanian economy that grows and diversifies creating new job opportunities for Tasmanians and other Australians.

### **Outcomes**

10. This Agreement will facilitate achievement of the following outcomes:
  - (a) the Tasmanian forest industry has a sustainable and guaranteed wood supply from native forests, providing certainty for the future of this sector of the industry;
  - (b) the industry is innovative in developing new marketable products from harvest and processing residues;
  - (c) the forestry industry has an improved capacity to respond to, and meet, the changing requirements of the markets for its products into the future and will be able to obtain ongoing market access, including through appropriate certification;

- (d) forest workers and harvest and haulage contractors, their families, and communities experiencing hardship as a result of the restructuring of the Tasmanian forest industry are provided with continued support;
- (e) native forest identified in the Schedules of the Tasmanian Forest Agreement legislation 2013 is protected;
- (f) new conservation reserves and any forthcoming extension to the Tasmanian Wilderness World Heritage Area are effectively managed for their conservation values; and
- (g) the Special Council, and other stakeholders including affected communities, are appropriately engaged in delivering the above outcomes. Stakeholders and the broader Tasmanian community are kept well informed about implementation and outcomes of this Agreement.

## Outputs

11. The objectives and outcomes of this Agreement will be achieved by:
  - (a) support for industry restructuring, including through the completion of the Tasmanian Native Forests High Quality Sawlog Voluntary Contract Buyback Program and implementation of the Tasmanian Regional Sawmiller Structural Adjustment Grants Program;
  - (b) additional support for forest workers and harvest and haulage contractors experiencing hardship as a result of the restructuring of the Tasmanian forest industry;
  - (c) options to resolve short, medium and long-term solutions to the issue of wood waste and residues and implementation of agreed strategies to address identified barriers, subject to the provisions and funding of this Agreement;
  - (d) support for a residues market facilitation and assistance program to address market access for residues in the short-term;
  - (e) attainment of Forest Stewardship Council (FSC) certification for the Tasmanian public native forest industry;
  - (f) support for the preparation and implementation of the Tasmanian Wilderness World Heritage Area boundary extension, develop a contemporary management plan for the Tasmanian Wilderness World Heritage Area, and prepare accurate reserve maps for the new areas of reserve under the Tasmanian Forest Agreement 2012;
  - (g) facilitation of the work of the Special Council, including the development and promotion of durability reports; and
  - (h) ongoing protection and management of additional reserves including any new World Heritage areas, with progress reviewed annually against the Project Plan.

## PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

12. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

## **Role of the Commonwealth**

13. The Commonwealth agrees to be accountable for the following roles and responsibilities:
- (a) providing financial contributions to Tasmania to support the implementation of this Agreement;
  - (b) monitoring and assessing performance in the delivery of projects and outputs under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframes;
  - (c) agreeing an acceptable Project Plan in accordance with clause 17 of this Agreement and reviewing the Project Plan annually in accordance with clause 19 of this Agreement; and
  - (d) delivering on outcomes and outputs assigned to the Commonwealth under the Tasmanian Forests Intergovernmental Agreement 2013 for implementation.

## **Role of Tasmania**

14. Tasmania agrees to be accountable for the following roles and responsibilities:
- (a) establishing a Special Council to oversee the durability of the Tasmanian Forest Agreement 2012 and preparing regular reports on its durability;
  - (b) ensuring that the Special Council and other stakeholders, when appropriate, are effectively engaged in delivering the outcomes of this Agreement. Stakeholders and the broader Tasmanian community are kept well informed about implementation and outcomes of this Agreement;
  - (c) providing financial contributions to support the implementation of this Agreement;
  - (d) developing a Project Plan in accordance with clause 18 of this Agreement, to be reviewed annually in accordance with clause 19 of this Agreement, to be agreed with the Commonwealth;
  - (e) delivering on outcomes and outputs assigned to Tasmania under the Tasmanian Forests Intergovernmental Agreement 2013 for implementation; and
  - (f) reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Monitoring and Reporting of this Agreement.

## **Shared roles and responsibilities**

15. The Commonwealth and Tasmania share the following roles and responsibilities:
- (a) participating in consultations as appropriate regarding the implementation of this Agreement; and
  - (b) conducting evaluations and reviews of services and outputs delivered under this Agreement.
16. 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 a Project Plan, and that the roles of both Parties will be acknowledged and recognised appropriately.

## Project Plan

17. The Commonwealth and Tasmania will agree a Project Plan, to achieve the objectives of this Agreement, within three months of signing this Agreement.
18. The Project Plan will:
  - (a) set priorities for management of the land identified for reservation in the schedules to the Tasmanian Forest Agreement legislation 2013, including performance benchmarks for annual reporting; and
  - (b) provide that the Commonwealth and Tasmania receive appropriate reports from the Special Council on planned and completed works on at least an annual basis.
19. The Project Plan will be reviewed by the Parties annually by 10 July. Consequential variations to the Project Plan that directly affect performance benchmarks or milestones and their achievement, and associated payments, are subject to written agreement between the relevant ministers.

## PART 4 – PERFORMANCE MONITORING AND REPORTING

### Performance benchmarks

20. Achievement of the objectives and outcomes in this Agreement will be informed with reference to the following performance benchmarks:
  - (a) advice from the Special Council that there is durability, consistent with the Tasmanian Forest Agreement legislation 2013;
  - (b) regulation to guarantee wood supply of at least 137,000 cubic metres of high quality sawlog being made available annually from state forest, by 30 June 2013;
  - (c) formal legislative protection of new reserves according to the timeframes and processes set out in the Tasmanian Forest Agreement legislation 2013, including:
    - (i) Initial Proposed Reserve Order accepted by the Tasmanian Parliament by 30 November 2013;
    - (ii) preconditions for commencing Proclamation for all 392,237 hectares in the Initial Proposed Reserve Order to be met by 31 March 2015; and
    - (iii) Second Proposed Reserve Order for a further 108,813 hectares accepted by 31 May 2015,
  - (d) develop management plans for the land identified for reservation in the schedules to the Tasmanian Forest Agreement legislation 2013, within 12 months of their proclamation, including for the extended Tasmanian Wilderness World Heritage Area; and
  - (e) any other performance indicators incorporated in the Project Plan.

## Milestones

21. The Parties agree that Tasmania will meet the milestones outlined in Table 1.

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

Milestones	Date final product due	Relevant Report due	Payment
Finalisation of the Tasmanian Forests High Quality Sawlog Contract Voluntary Buyback Program	As soon as practicable after the first Reserve Order disallowance period has successfully passed	10 January 2014	Nil (\$15.0m already paid (see footnote 1 under Table 2))
Completion of a Residues Study to investigate economically viable and environmentally sustainable solutions for the use of timber residues and report on the findings of the Study to the Special Council and both Parties.	30 June 2014	10 January 2014	\$1.0m on acceptance of progress report
Implementation of agreed strategies arising from the recommendations of the Residues Study		10 May 2014	\$2.5m on acceptance of report
		10 January 2015	\$2.5m on acceptance of report
		10 January 2016	\$2.0m on acceptance of report
Facilitation of the work of the Special Council, including the development and promotion of durability reports	Ongoing	30 November 2013	\$0.5m on Initial Proposed Reserve Order coming into force
		10 July 2014	\$1.0m on acceptance of report
		10 July 2015	\$1.0m on acceptance of report
Management of reserves	Ongoing in accordance with clause 11(h)	30 November 2013	\$7.0m* on Initial Proposed Reserve Order coming into force
		10 July 2014	\$7.0m* on review of the Project Plan

Milestones	Date final product due	Relevant Report due	Payment
		10 April 2015	\$2.0m* on making of Second Proposed Reserve Order*
		10 July 2015	\$9.0m* on review of the Project Plan*

\* Support for reserve management is \$7 m per annum indexed to CPI, plus an additional \$2 million per annum indexed to CPI from 2014-15.

## Reporting arrangements

22. Tasmania will report:

- (a) against the agreed milestones during the operation of the Agreement, in accordance with Table 1;
- (b) annually by 10 July each year, beginning on 10 July 2014, against:
  - (i) the performance benchmarks or milestones agreed in the Project Plan;
  - (ii) progress and implementation of the projects outlined at clause 30(d)-(f); and
- (c) on completion of projects outlined at clause 30(a)-(c), by 10 January 2014.

## PART 5 – FINANCIAL ARRANGEMENTS

### Financial contributions

23. The Commonwealth and Tasmania have committed additional funding to support implementation of the Tasmanian Forests Intergovernmental Agreement 2013. A proportion of this commitment will be delivered through Commonwealth or Tasmanian programs not covered under this Agreement.
24. Payments to Tasmania will be informed with reference to the performance benchmarks outlined at clause 20 and subject to the milestones outlined in Table 1. Performance reports as required by clause 22 of this Agreement will be considered by the Commonwealth minister within reasonable timeframes. Subject to the acceptance of those reports, payments will be made in accordance with *Schedule D – Payment Arrangements* of the of the IGA FFR.
25. If formal legislative protection of additional reserves fails to progress in accordance with clause 20(c) of this Agreement, then the Commonwealth will review, and may reduce or terminate, future funding under this Agreement, with the exception of ongoing funding for reserves that have already been proclaimed.
26. The Commonwealth's funding contribution will not be reduced where Tasmania secures funding from other activity partners through innovative and collaborative partnerships.



27. The Commonwealth's and Tasmania's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to Tasmania paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

**Table 2: Estimated financial contributions<sup>1</sup>**

(\$ million)	2012-13	2013-14	2014-15	2015-16	Total
<b>Estimated</b> total budget (1) <sup>2</sup>	37.5	12.5	14.0	12.5	76.5
<b>Estimated</b> National Partnership payment (2)	<b>37.5</b>	<b>11.0</b>	<b>12.5</b>	<b>12.0</b>	<b>73.0</b>
Total Commonwealth contribution (3)	37.5	11.0	12.5	12.0	73.0
Total Tasmania contribution (4) = (1) – (3)	0.0	1.5	1.5	0.5	3.5

<sup>1</sup> \$15 million has already been provided by the Commonwealth to Tasmania in 2011-12 in accordance with clause 25 of the previous National Partnership Agreement referred to in clause 3(a) of this Agreement. Refer also to clauses 11(a) and 29 of this Agreement.

<sup>2</sup> \$3 million in 2012-13 will also be provided by the Commonwealth to Tasmania under the Economic Diversification Package, for the development of a Special Species Timber Management Plan and to commence the detailed residues study. This funding will be provided under a separate Project Agreement with Tasmania.

28. The Commonwealth will provide to Tasmania the funding outlined in Table 3. Tasmania will deliver all project elements, with terms to be agreed by the Commonwealth.

**Table 3: Project elements to be delivered by Tasmania with funds provided under this Agreement**

(\$ million)	2012-13	2013-14	2014-15	2015-16	Total
Tasmanian Regional Sawmiller Structural Adjustment Grants Program	10.0	0.0	0.0	0.0	10.0
Support for affected workers and contractors	20.0	0.0	0.0	0.0	20.0
Residues study	0.0	1.0	0.0	0.0	1.0
Residue market facilitation and assistance and implementation of ongoing residues solutions	5.5	2.5	2.5	2.0	12.5
Support for the preparation and implementation of the Tasmanian Wilderness World Heritage Area boundary extension, development of a contemporary management plan for the Tasmanian Wilderness World Heritage Area, and preparation of accurate reserve maps for the new areas of reserve under the Tasmanian Forest Agreement 2012	1.5	0.0	0.0	0.0	1.5
Support for reserve management (ongoing, indexed to CPI)	0.0	7.0	9.0	9.0	25.0

Special Council, communications, FSC certification	0.5	0.5	1.0	1.0	3.0
<b>Total Commonwealth contribution to Tasmania</b>	<b>37.5</b>	<b>11.0</b>	<b>12.5</b>	<b>12.0</b>	<b>73.0</b>

29. In accordance with clause 25 of the previous National Partnership Agreement, referred to in clause 3(a) of this Agreement, the Commonwealth also provided Tasmania with \$15 million to implement the Tasmanian Native Forest High Quality Sawlog Contract Voluntary Buyback Program. Under this Agreement, the timing of expenditure of this funding by Tasmania remains subject to approval by the Commonwealth.
30. In recognition of the implementation costs associated with achieving the outcomes and outputs of this Agreement, \$37.5 million will be paid to Tasmania, in accordance with Table 3, following signature of the Agreement by both Parties. These payments will facilitate the following projects:
- (a) finalisation and implementation of the Tasmanian Regional Sawmiller Structural Adjustment Grants Program, in consultation with the Commonwealth;
  - (b) development of guidelines, in consultation with the Commonwealth, and implementation of programs designed to support forest workers and harvest and haulage contractors experiencing hardship as a result of the restructuring of the Tasmanian forest industry;
  - (c) development and implementation of a residues market facilitation and assistance program;
  - (d) assistance to the Tasmanian public native forestry industry to meet the requirements for gaining Forest Stewardship Council certification;
  - (e) preparation and implementation of the Tasmanian Wilderness World Heritage Area boundary extension, development of a contemporary management plan for the Tasmanian Wilderness World Heritage Area, and preparation of accurate reserve maps for the new areas of reserve under the Tasmanian Forest Agreement 2012; and
  - (f) facilitate the work of the Special Council, including the development and promotion of durability reports.
31. If the Initial Proposed Reserve Order does not come into force by 30 November 2013, any funding provided to Tasmania under clause 30 of this Agreement that has not yet been dispersed at that time, must be repaid by Tasmania to the Commonwealth.

## Project management risk

32. Having regard to the agreed estimated costs of projects specified, Tasmania 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, Tasmania 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 Tasmania to deliver projects cost effectively and efficiently.

## PART 6 – GOVERNANCE ARRANGEMENTS

### Enforceability of the Agreement

33. 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.

## **Review of the Agreement**

34. The Agreement will be reviewed by 30 June 2015 with regard to progress made by the Parties in respect of achieving the agreed outcomes.
35. A review of the base funding for the ongoing management of reserves, indexed to CPI, will occur by 30 June 2016.
36. Additional reviews will be agreed between the Parties if required.

## **Variation of the Agreement**

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

## **Delegations**

39. The relevant Commonwealth Minister with portfolio responsibility for environmental matters is authorised to agree and amend Schedules to this Agreement and to certify that milestones specified under this Agreement have been achieved, so that payments may be made.
40. The Commonwealth Minister may delegate the assessment of project-based milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to payments.

## **Dispute resolution**

41. Either Party may give notice to the other Party of a dispute under this Agreement.
42. Officials of both Parties will attempt to resolve any dispute in the first instance.
43. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.
44. If a dispute cannot be resolved by the relevant Ministers, it may be referred by either Party to the Commonwealth and Tasmanian First Ministers.

## **Interpretation**

45. For the purposes of this Agreement:
  - (a) The Tasmanian Forests Intergovernmental Agreement 2013 means the Tasmanian Forests Intergovernmental Agreement 2013 between the Commonwealth of Australia and the State of Tasmania dated 2 May 2013.
  - (b) CPI means the national Consumer Price Index.
  - (c) The Tasmanian Forest Agreement means the Tasmanian Forest Agreement 2012 signed by the Reference Group of Signatories on 22 November 2012.

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

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



**The Honourable Julia Gillard MP**  
Prime Minister of the Commonwealth of Australia

19 May 2013

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

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**The Honourable Lara Giddings MP**  
Premier of the State of Tasmania

May 2013

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

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**The Honourable Julia Gillard MP**  
Prime Minister of the Commonwealth of Australia

May 2013

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



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**The Honourable Lara Giddings MP**  
Premier of the State of Tasmania

*23* May 2013.