

PROJECT AGREEMENT FOR MECHANICAL FUEL LOAD REDUCTION TRIALS

Council of
Australian
Governments

An agreement between:

- the Commonwealth of Australia; and
- New South Wales.

The output of this project will be research trials to examine the effectiveness of mechanical fuel load removal in forests where conservation values or other assets could be compromised by fuel reduction burning.

Project Agreement for Mechanical Fuel Load Reduction Trials

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 (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. This Agreement will support the delivery of research trials to examine the effectiveness of mechanical fuel load removal in different forest types where conservation values or other assets could be compromised by fuel reduction burning.
3. This Agreement constitutes the entire agreement for this project.

PART 1 – FORMALITIES

Parties to this Agreement

4. This Agreement is between the Commonwealth of Australia (the Commonwealth) and New South Wales (the Parties).

Term of the Agreement

5. This Agreement will commence as soon as the Commonwealth and New South Wales sign the Agreement and will expire on 30 June 2017 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 OUTPUTS

Outputs

6. The outputs of this Agreement will be delivery of:
 - (a) at least three scientifically designed, operational scale mechanical bushfire fuel load reduction trials from a range of forest types around Australia;
 - (b) a cost-benefit analysis of mechanical fuel load reduction utilising results from the trials; and

- (c) analysis of social attitudes to mechanical fuel load reduction compared to prescribed burning.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

- 7. The Commonwealth will be responsible for:
 - (d) monitoring and assessing achievement against milestones in the delivery of mechanical fuel load reduction trials under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (e) providing a financial contribution to New South Wales to support the implementation of this Agreement.

Role of New South Wales

- 8. New South Wales 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

- 9. The Parties will actively participate in governance committees associated with this project, meeting their own costs for participating in these meetings, and jointly seek expertise and advice from technical experts and the forestry industry in implementing the project.
- 10. The Parties will 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

- 11. 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 payment subject to the annual performance report demonstrating that the relevant milestones have been met.

Table 1: Milestones, reporting and payment summary

Output	Milestones	Due date	Payment
Delivery of: (a) at least three scientifically designed, operational scale mechanical bushfire fuel load reduction trials from a range of forest types around Australia; (b) a cost-benefit analysis of mechanical fuel load reduction utilising results from the trials; and (c) analysis of the social attitudes to mechanical fuel load reduction compared to prescribed burning.	Engagement of proponents to conduct the trials and consultants for both the cost-benefit and social attitudes analysis.	15/01/16	\$0.8m
	Provision of: (a) data and analysis in a report on the scientific results of the mechanical bushfire fuel load reduction trials; and (b) cost-benefit analysis and social attitudes assessment reports, including recommendations and implications for the take-up of mechanical fuel load reduction trials across Australia.	1/05/17	\$0.5m

12. 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

13. New South Wales will provide performance reports in accordance with Table 1 during the operation of the Agreement. Each performance report is to contain a description of actual performance in the period to date against the project milestones.

PART 5 – FINANCIAL ARRANGEMENTS

14. The Commonwealth will provide a total financial contribution to New South Wales of \$1.5 million in respect of this Agreement. All payments are GST exclusive.
15. The Commonwealth will make an initial payment of \$0.2 million to New South Wales in 2015-16 to assist in:
 - (a) developing a project plan for the delivery of at least three bushfire fuel load reduction trials in accordance with clause 6(a) of this Agreement, which is to be provided to the Commonwealth within 30 days of signing this Agreement; and
 - (b) preparing for the engagement of proponents to conduct the trials and consultants for both the cost-benefit and social attitudes analysis.
16. The Commonwealth's funding contribution will not be reduced where New South Wales secures funding from other activity partners through innovative and collaborative partnerships.
17. The Commonwealth's and New South Wales' estimated financial contribution 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 2.

Table 2: Estimated financial contributions

\$1.5 million	2015-16	2016-17	Total
Estimated total budget	1.0	0.5	1.5
Less estimated National Partnership Payments	1.0	0.5	1.5
Balance of non-Commonwealth contributions	0.0	0.0	0.0

18. Having regard to the agreed estimated costs of projects specified in a Project Agreement, New South Wales 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, New South Wales bears all risk should the costs of the project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for New South Wales to deliver the project cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

19. 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

20. The Agreement may be amended at any time by agreement in writing by both the Parties.
21. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

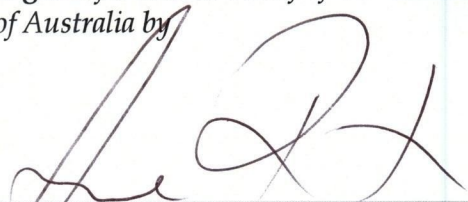
22. The relevant portfolio minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

23. Either Party may give notice to the other Party of a dispute under this Agreement.
24. Officials of both Parties will attempt to resolve any dispute in the first instance.
25. 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**



Senator the Honourable Anne Ruston

Parliamentary Secretary to the Minister for
Agriculture and Water Resources

[Day] [Month] [Year]

3rd February 2016

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



The Honourable Niall Blair MLC

Minister for Primary Industries

Minister for Lands and Water

[Day] [Month] [Year]

10th December 2015