

PROJECT AGREEMENT FOR THE MANAGEMENT OF THE FORMER RUM JUNGLE MINE SITE (STAGE 2)

Council of
Australian
Governments

An agreement between

- the Commonwealth of Australia and
- the Northern Territory.

The outputs of this Project Agreement will be the delivery of the Rum Jungle Mine Site Rehabilitation Project (Stage 2) at the former Rum Jungle Mine site, Rum Jungle Creek South, Mt Burton and Mt Fitch sites.

Project Agreement for the Management of the Former Rum Jungle Mine Site (Stage 2)

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 will support delivery of the Rum Jungle Mine Site Rehabilitation Project (Stage 2) at the former Rum Jungle site, Rum Jungle Creek South, Mt Burton and Mt Fitch sites.
3. Any rehabilitation of the former Rum Jungle Mine site funded by the Commonwealth of Australia (the Commonwealth) is considered to be capital works and is therefore subject to the Two Stage Capital Works Approval and Gateway Review Processes, both of which are undertaken by the Department of Finance and Deregulation. The Two Stage Capital Works Approval Process provides a methodology to develop scope and costs associated with capital works projects, reduce risk and increase cost certainty. The Gateway Review Process provides independent assurance that a project will be delivered in accordance with its stated objectives.
4. This Agreement replaces the previous *Project Agreement for the Management of the Former Rum Jungle Mine Site (Stage 2)* dated 19 August 2013.
5. This Agreement constitutes the entire agreement for this project.

PART 1 – FORMALITIES

Parties to this Agreement

6. This Agreement is between 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 the Agreement and will expire on 30 June 2016 or on completion of the project, 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

8. The outputs of this Agreement will be delivery of the Rum Jungle Mine Site Rehabilitation Project (Stage 2) through the actions and activities as set out in the Project Plan at Schedule A. Stage 2 consists of:
 - (a) site maintenance activities;
 - (b) environmental monitoring activities;
 - (c) technical investigations;
 - (d) rehabilitation design works, including post-rehabilitation activities, that meet relevant legislative, environmental and cultural requirements;
 - (e) construction-ready specifications, drawings and costings for the above rehabilitation design works that are, at a minimum, able to assist the Commonwealth with progressing approval for the Two Stage Capital Works Program; and
 - (f) support for capacity building of traditional Aboriginal owners.
9. Outputs detailed in clauses 8(a) to 8(e) inclusive will be delivered in accordance with the Project Plan. The Project Plan is a flexible document that may be varied by the Northern Territory over time, to accommodate changes in circumstances. However, variations to the Project Plan that directly affect milestones or their achievement, or associated payments (Table 1), are subject to written agreement between the Ministers.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

10. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the Rum Jungle Mine Site Rehabilitation Project (Stage 2) under this Agreement to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to the Northern Territory to support the implementation of this Agreement;
 - (c) providing guidance on the Two Stage Capital Works Program and Gateway Review Process requirements and assisting the Northern Territory to deliver the rehabilitation specifications and documentation in a manner that allows progression of these approval processes; and
 - (d) supporting capacity-building opportunities for traditional Aboriginal owners as set out in clause 8(f).

Role of the Northern Territory

11. The Northern Territory will be responsible for:
 - (a) providing an in-kind contribution to support the implementation of this Agreement;
 - (b) delivery of the project in accordance with the Project Plan;
 - (c) all aspects of delivering on the project outputs set out in clauses 8(a) to 8(e), inclusive, of this Agreement;
 - (d) chairing stakeholder engagement meetings and providing secretariat support; and
 - (e) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

12. Parties share responsibility for engaging affected stakeholders to contribute to and guide the management of the former Rum Jungle Mine site.
13. The Parties share responsibility for agreeing amendments to governance arrangements for the Rum Jungle Working Group, as required.
14. 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.

Role of the Rum Jungle Working Group

15. The representatives and functions of the Rum Jungle Working Group are set out in Schedule B to this Agreement.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

16. 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
Technical investigations	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	13/11/2013	\$1,427,500
	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	15/05/2014	\$1,427,500
Rehabilitation design works	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	12/11/2014	\$1,955,500
Construction ready specifications	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	15/05/2015	\$1,955,500
	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	11/12/2015	\$2,147,500
Environmental monitoring	Provision of draft rehabilitation design works and draft construction-ready specifications, drawings and costings		
Maintenance activities	Provision of a report demonstrating achievement of scheduled progress against the Project Plan	15/06/2016	\$ 1,997,500
	Provision of final rehabilitation design works and final construction-ready specifications, drawings and costings		

Reporting arrangements

17. The Northern Territory will provide performance reports in accordance with Table 1 during the operation of the Agreement. Each performance report is to contain the following information:
 - (a) a description of actual performance of the Northern Territory in the period to date against the project milestones;
 - (b) details of any matter(s) that have arisen which could adversely impact on the delivery of the output, and how the Northern Territory 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.
18. The Northern Territory will also prepare a final Project Report within 90 days of the completion of the project agreed under the Project Agreement. 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 Northern Territory, at least 60 days before it is due.

PART 5 – FINANCIAL ARRANGEMENTS

- 19. The Commonwealth will provide a total financial contribution to the Northern Territory of \$11.561m in respect of this Agreement. All payments are GST exclusive.
- 20. On commencement of this Agreement, an initial payment of \$500,000 will be made to the Northern Territory to assist with the costs of implementing the Rum Jungle Mine Site Rehabilitation Project (Stage 2).
- 21. The Commonwealth's funding contribution will not be reduced where the Northern Territory secures funding from other activity partners through innovative and collaborative partnerships.
- 22. The Commonwealth's and the Northern Territory's 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 Intergovernmental Agreement on Federal Financial Relations, are shown in Table 2.

Table 2: Estimated financial contributions

(\$ million)	2013-14	2014-15	2015-16	Total
Estimated total budget (1)	3,755,000	4,211,000	4,453,000	12,419,000
Estimated National Partnership payments (2)	3,355,000	3,911,000	4,295,000 ^(a)	11,561,000
Commonwealth own purpose expense (3)	400,000	300,000	158,000	858,000
Total Commonwealth contribution (4) = (2) + (3)	3,755,000	4,211,000	4,453,000	12,419,000
Balance of non-Commonwealth contributions (5) = (1) – (4)	0.0	0.0	0.0	0.0

^(a) Includes \$150,000 for which there is no associated payment due to delays in the preparation and submission of environmental assessment documentation.

- 23. Having regard to the agreed estimated costs of projects specified in a Project 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

24. 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

25. The Agreement including its schedules may be amended at any time by agreement in writing by the Parties.
26. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

27. 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

28. Either Party may give notice to the other Party of a dispute under this Agreement.
29. Officials of both Parties will attempt to resolve any dispute in the first instance.
30. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.
31. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to the Prime Minister and the Chief Minister for consideration.

Interpretation

32. For the purpose of this Agreement, the former Rum Jungle Mine site means the area of Northern Territory Crown land identified as Section 2968, Hundred of Goyder.

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

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Josh Frydenberg MP
Minister for Resources, Energy and Northern Australia

5 May 2016

Signed for and on behalf of the Northern Territory by



The Honourable David Tollner MLA
Minister for Mines and Energy

6 May 2016

Project Plan

Activities	2013-2014	2014-2015	2015-2016
Rehabilitation design works and engineering design, including detailed drawings and specifications			
Update aerial photography and Digital Terrain Model		✓	✓
Update Geographical Information System	✓	✓	✓
Cover systems	✓	✓	✓
Assessment of existing cover system at Rum Jungle Creek South		✓	
Contaminated soils clean-up		✓	
Contaminated soil assessment/scoping study at Mount Burton and Mount Fitch sites		✓	
Dewatering void methodology		✓	✓
Passive/reactive barriers/wetlands and seepage interception systems		✓	✓
Landform design and materials movement		✓	✓
Design of any remediation works at Rum Jungle Creek South		✓	✓
Upgraded diversion channel and water hydraulics modelling		✓	✓
Geochemistry investigations (including water treatment evaluation)	✓	✓	✓
Final design and construction surveys			✓
Applications for AAPA certificates & environmental referrals prepared and environmental referral applications submitted	✓	✓	✓
Management plans	✓	✓	✓
Technical investigations			
Development of locally derived water quality guidelines	✓	✓	✓
Flora and fauna surveys	✓	✓	✓
Groundwater load balance calculations	✓	✓	✓
Hydrogeological assessment in old tailings area	✓	✓	
Delineation of groundwater contamination in the copper extraction pad area	✓	✓	
Environmental monitoring (surface water monitoring, all sites)	✓	✓	✓
Maintenance activities (Management and maintenance works; revegetation trials of Borrow Area 5, site access upgrade)	✓	✓	✓
Stakeholder engagement (Liaison Committee; Rum Jungle Working Group; Rum Jungle Advisory Committee; Downstream traditional Aboriginal owners)	✓	✓	✓

Notes: Activities will be undertaken in the year or years indicated.

Rum Jungle Working Group – governance arrangements

- B1. The Parties have agreed to the continued operation of the Rum Jungle Working Group to assist with the technical delivery of this project.
- B2. The Rum Jungle Working Group consists of representatives from:
- (a) Northern Territory
 - i. the Department of Mines and Energy (DME).
 - (b) Commonwealth
 - i. the Department of Industry, Innovation and Science; and
 - ii. the Supervising Scientist Branch of the Department of the Environment.
 - (c) Other Stakeholders
 - i. Northern Land Council.
- B3. Representation on the Rum Jungle Working Group may be amended at any time.
- B4. Following prior consultation and agreement, Parties may invite an agency to attend a Rum Jungle Working Group meeting as an observer.
- B5. The role of the Rum Jungle Working Group is to assist the DME in delivering this project through the following functions:
- (a) identifying issues associated with the former Rum Jungle Mine site;
 - (b) determining what actions should be taken to address those issues;
 - (c) reviewing the terms of reference for any environmental monitoring programs or scope of works for any consultancies/contracts to be carried out under this Agreement;
 - (d) monitoring progress of programs and activities being carried out under this Agreement; and
 - (e) assessing the reports and recommendations provided pursuant to programs and activities being carried out under this Agreement.
- B6. Unless otherwise agreed, the Rum Jungle Working Group will:
- (a) meet quarterly or as required;
 - (b) determine its own procedures for the conduct of meetings; and
 - (c) be chaired by the DME representative.
- B7. A member of the Rum Jungle Working Group can appoint a person to act in his or her place at any meeting of the Rum Jungle Working Group.