

PROJECT AGREEMENT SOUTH AUSTRALIA MURRAY-DARLING BASIN ENVIRONMENTAL WORKS AND MEASURES FEASIBILITY PROGRAM

Council of
Australian
Governments

An agreement between

- n the Commonwealth of Australia and
- n the State of South Australia

The output of this project will be a number of feasibility studies that have investigated the sustainable diversion limit offset potential of environmental works and measures proposals.

Project Agreement for South Australia Murray-Darling Basin Environmental Works and Measures Feasibility Program

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 provides for a Commonwealth financial contribution of \$1.8 million to support the delivery of feasibility investigations of environmental works and measures sub-projects including the sustainable diversion limit (SDL) offset potential and for a State-led process to assist development of community based environmental works and measures proposals.
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 the State of South Australia (the State).

Term of the Agreement

5. This Agreement will commence as soon as the Parties sign the Agreement and will expire on 30 June 2013, unless terminated earlier or extended as agreed in writing by the Parties.

Enforceability of the Agreement

6. 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.

Role of the Commonwealth

7. The Commonwealth will be responsible for:
 - (a) establishing the method and process for verification of SDL offsets;
 - (b) monitoring and assessing achievement against milestones in the delivery of the South Australia, Murray-Darling Basin Environmental Works and Measures Feasibility Project (the Project) under this Agreement to ensure that outputs are delivered within the agreed timeframe;
 - (c) providing a consequent financial contribution to the State to support the implementation of this Agreement;
 - (d) publishing a register of publicly available information about past, current and potential environmental works and measures projects; and
 - (e) participating, at its discretion, as an observer to the project management committee established by the State.

Role of the State

8. 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) providing information on past, current and potential future projects for inclusion in the environmental works and measures register to be published by the Commonwealth;
 - d) developing project management plans for the State sub-projects and the State-led community engagement process;
 - e) establishing a project management committee to monitor and provide strategic direction on the Project's implementation; and
 - f) liaising with, and providing information to assist the Murray Darling Basin Authority to determine the potential SDL offsets from the sub-projects;
9. Both 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 2 – PROJECT OUTPUTS

Outputs

10. Assist South Australia to deliver feasibility investigations including, the costs, risks and benefits, of the following environmental works and measures sub-projects including their potential to offset sustainable diversion limits (SDLs):
 - (a) Katfish Reach and Pike Implementation (Stage 3) sub-project will assess the feasibility of installing new environmental regulators in the Pike floodplain near Renmark and the Katfish Reach floodplain, south of Berri, South Australia. The aim is to enable broad floodplain inundation with less environmental water than required under a natural flood event. Katfish reach is a demonstration reach for native fish under the Murray Darling Basin Native Fish Strategy;
 - (b) Eastern Mount Lofty Ranges Low Flow Bypasses sub-project will undertake pre-feasibility hydrological modelling to determine the strategic placement of possible low flow bypass devices in dams at locations in the Eastern Mount Lofty Ranges region of South Australia; and
 - (c) Other sub-projects that may be included in this agreement as agreed between the Parties.
11. Assist South Australia to deliver a State-led local process to assist the development of community based proposals for environmental works and measures. This includes pre-feasibility assessment of short listed proposals and assessment of the potential for SDL offsets.

PART 3 – FINANCIAL ARRANGEMENTS

12. The Commonwealth will provide a total financial contribution to the State of \$1.8 million in respect of this Agreement (all payments are GST exclusive). \$ 1 million is for State sub-projects and \$800,000 for the State led community process.
13. The Commonwealth’s funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.
14. The Commonwealth’s and the State’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 1.

Table 1: Estimated financial contributions

(\$ millions)	Year 1 (2011- 12)	Year 2 (2012- 13)	Year 3	Year 4	Total
Estimated total budget	1.2	0.600			
Less estimated National Partnership Payments	1.2	0.600	0.0	0.0	1.8
Balance of non-Commonwealth contributions	0	0			

15. National Partnership payments to the State will be paid in accordance with *Schedule D – Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**.
16. 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 State 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 State to deliver projects cost effectively and efficiently.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

17. 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 2: Milestones, reporting and payment summary

Output	Milestones	Date milestone report due	Payment \$
The delivery of feasibility investigations, including the costs, risks and benefits, of sustainable diversion limit (SDL) offset environmental works and measures sub-projects.	Acceptance of project management plans for the State sub-projects.	13 September 2011	200,000
	Engagement of project team and procurement of staff/consultants to deliver the Project.	31 November 2011	500,000
	Completion of the State sub-projects: investigations completed as per the project management plans; information provided to assist determination of potential SDL offsets; and acceptance of final report.	31 December 2012	300,000
The delivery of a State-led local process to identify and prioritise community ideas for environmental works and measures and test the shortlisted community identified Sub-Projects through pre-feasibility assessment.	Acceptance of a project management plan for the State-led community engagement process.	31 November 2011	200,000
	Completion of the identification and prioritisation of community ideas.	28 February 2012	300,000
	Short-listing of the community identified sub-projects for pre-feasibility assessment including their potential for SDL offsets, in accordance with the project management plan for the State-led community engagement process.	30 July 2012	100,000
	Completion of pre-feasibility assessments for sub-projects shortlisted through the community engagement process; and acceptance of final report.	31 January 2013	200,000

Reporting arrangements

18. The State will provide reports on milestones in accordance with the above table during the operation of the Agreement. Each milestone report is to contain the following information:
 - a) a description of actual performance of the State 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 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.
19. The State will also prepare a final Project Report on 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(s);
 - b) evaluate the Project, 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 affective assessment of performance, which the Commonwealth notifies the State should be included in the final project report at least 60 days before it is due.

PART 5 – GOVERNANCE ARRANGEMENTS

Dispute resolution

20. Any Party may give notice to other Parties of a dispute under this Agreement.
21. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
22. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant Ministerial Council.
23. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to COAG for consideration.

Variation of the Agreement

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

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

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

The Honourable Tony Burke MP
Minister for Sustainability, Environment, Water, Population and Communities
Date:

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

The Honourable Paul Caica MP
Minister for Water and the River Murray
Date: