

NATIONAL PARTNERSHIP AGREEMENT ON SOUTH AUSTRALIAN RIVER MURRAY SUSTAINABILITY PROGRAM – PART B

Council of
Australian
Governments

An agreement between

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

This Agreement will contribute to South Australia implementing the Murray-Darling Basin water reforms in the national interest of a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.

Part B of the South Australian River Murray Sustainability Program consists of one element: irrigation industry assistance.

National Partnership Agreement on South Australian River Murray Sustainability Program – Part B

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 South Australia recognise that they have a mutual interest in working together to deliver water reform outcomes in South Australia in the context of implementing the Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin.
3. This Agreement, will contribute to the implementation of the South Australian River Murray Sustainability Program. The program will support South Australia's contribution to a healthy working Murray-Darling Basin, including a healthy environment, strong communities and a productive economy, through implementation of the Murray-Darling Basin Plan (the Basin Plan) and associated reforms and initiatives.
4. This Agreement sets out arrangements for delivery of the Irrigation Industry Assistance element of the South Australian River Murray Sustainability Program.
5. A separate National Partnership Agreement, the National Partnership Agreement on South Australian River Murray Sustainability Program – Part A, sets out arrangements for delivery of the irrigation efficiency, water purchase and regional economic development elements.
6. Commonwealth funding under this Agreement or elements of this Agreement is not anticipated to have an impact on ongoing service levels.
7. 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

8. This Agreement is between the Commonwealth of Australia (the Commonwealth) and South Australia (the State).

Term of the Agreement

9. This Agreement will commence as soon as the Commonwealth and South Australia sign the Agreement and will expire on 30 June 2019, or on completion of the project, including the acceptance of final performance reporting and processing of final payments against the performance benchmarks or project milestones. The Agreement may be terminated earlier or extended as agreed in writing by the Parties.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

10. The Parties aspire to implementing the Murray-Darling Basin water reforms in the national interest of a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.
11. The Commonwealth and the State agree to work together to ensure that this grants program facilitates, to the greatest extent possible, improvements in the productivity of South Australian River Murray irrigation industry.

Outcomes

12. This Agreement will facilitate achievement of the following outcome:
 - (a) increased productivity of all irrigation businesses that have received funding under the South Australian River Murray Irrigation Industry Assistance program (the program), with grant funds used in a manner consistent with maximising the productivity of the South Australian River Murray irrigation industry.

Outputs

13. The objectives and outcomes of this Agreement will be achieved by the:
 - (a) delivery of a \$120.0 million grant program by the State to improve the overall productivity of the South Australian River Murray irrigation industry;
 - (b) provision of assistance to irrigators holding South Australian River Murray Class 3 water entitlements who have a current access entitlement to extract water from the South Australian River Murray Prescribed Watercourse for activities that will improve the productivity of their farm businesses; and
 - (c) establishment and implementation of fair, transparent and competitive processes for the distribution of any funding to industry with robust governance arrangements and appeals processes.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

14. To realise the objectives and commitments outlined in this Agreement, the Commonwealth and the State have specific roles and responsibilities, as outlined below.

Role of the Commonwealth

15. The Commonwealth agrees to be accountable for the following roles and responsibilities:
- (a) providing a financial contribution to South Australia to support the implementation of this Agreement;
 - (b) monitoring and assessing the performance in the delivery of milestones under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe;
 - (c) if it becomes necessary during the life of the program, facilitating a suitable transfer of funding from the South Australian River Murray Irrigation Industry Assistance Element to the South Australian River Murray Irrigation Efficiency Element and/or South Australian Water Purchase Element funded under the separate National Partnership Agreement on South Australian River Murray Sustainability Program – Part A to ensure the return of 36 gigalitres long term average annual yield water entitlements to the Commonwealth;
 - (d) in accordance with the Fair Work (Building Industry) Act 2012, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2005, are only made where a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted; and
 - (e) ensuring that compliance with the Building Code 2013 is a condition of Australian Government funding.

Role of South Australia

16. South Australia agrees to be accountable for the following roles and responsibilities:
- (a) delivering on outcomes and outputs assigned to South Australia for implementation;
 - (b) monitoring, assessing and reviewing the delivery of outputs as set out in Part 4 of this Agreement consistent with the performance assessment plan;
 - (c) reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Monitoring and Reporting, of this Agreement;
 - (d) implementing appropriate governance mechanisms to ensure the administration and management of the program is equitable, transparent and robust;
 - (e) establishing program guidelines, application documentation and processes, eligibility and assessment criteria, and appeals processes that will allow the State to identify which projects will best meet the objectives and funding elements with reference to value for money;
 - (f) developing communication and stakeholder engagement, implementation, risk management, compliance management, audit compliance and performance assessment plans and a monitoring and evaluation strategy to support the program;
 - (g) reviewing and, if necessary, revising the communication and stakeholder engagement, implementation, compliance management and risk management plans to ensure these plans remain current;

- (h) reviewing and, if necessary, revising the audit compliance management strategy to ensure it remains current with any changes to be reviewed by the Commonwealth as soon as practicable;
- (i) advising the Commonwealth as soon as practicable of any developments that may necessitate amendment of the risk plan;
- (j) conducting grant funding rounds consistent with the implementation plan;
- (k) establishing and managing grant contracts with successful grant applicants;
- (l) finalising and providing to the Commonwealth, six months prior to the expiry of this Agreement, an evaluation report as outlined in clause 41 and conducted as part of the review of this Agreement;
- (m) maintaining clear separation in the reporting and accounting between the four streams of the South Australian River Murray Sustainability Program;
- (n) providing program documentation to the Commonwealth upon request;
- (o) ensuring grant recipients have not received funding from other Commonwealth programs in respect of the same projects and activities;
- (p) ensuring eligible applicants have met all Commonwealth conditions placed on any previous Commonwealth funding they may have received, including funding under the Murray-Darling Basin Small Block Irrigators Exit Grant Package, prior to any funding approval recommendation;
- (q) ensuring that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth;
- (r) ensuring that compliance with the Building Code 2013 is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth; and
- (s) ensuring that all third party contractual arrangements require successful applicants to comply with all applicable laws and regulations (including but not limited to, planning, environmental, occupational health and safety, building and regulatory approvals) in particular the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) and the *Native Title Act 1993* (Cth) and *Natural Resources Management Act 2004* (SA) and all applicable Australian Standards.

Shared roles and responsibilities

17. The Commonwealth and the States share the following roles and responsibilities:
- (a) participating in consultations as appropriate regarding the implementation of this Agreement;
 - (b) negotiating new or revised Schedules, including any Implementation Plans, to this Agreement; and
 - (c) agreeing the Terms of Reference for an evaluation report on the program outlined at clause 41 to be prepared by the State.

18. 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 the program, and that the roles of both Parties will be acknowledged and recognised appropriately.

Implementation Plans

19. The Commonwealth and South Australia will agree an Implementation Plan that will set out the framework to be established by South Australia for it to assess eligibility and merit criteria for allocating grants under the element outlined in clause 4 and a breakdown of program costs, including any administration components. The timing of program expenditures specified in the Implementation Plan should broadly align with the profile of Commonwealth payments as set out in Table 2 of Schedule A to this Agreement.

PART 4 – PERFORMANCE MONITORING AND REPORTING

Performance indicators

20. Achievement of the objectives and outcomes in this Agreement will be informed with reference to the following performance indicator:
 - (a) reconfigured farm business models for South Australian River Murray irrigators that reposition those businesses to be more productive, competitive and resilient to variations in seasonal and trading conditions, and are better positioned to respond to future business challenges and opportunities.

Program sub-elements

21. Eligible applicants will hold South Australian River Murray Class 3 water entitlements with a current access entitlement to extract water from the South Australian River Murray Prescribed Watercourse.
22. Program funding under this Agreement will be allocated to eligible applicants on a competitive basis. Successful grantees will be those that have best demonstrated, on the basis of current and comprehensive farm business planning, how program funds would increase the productivity of their farm businesses. As water is a major factor of production for irrigated agricultural businesses, it is recognised that significant potential for productivity improvements at the enterprise level is likely to come from those businesses that are prepared to reconsider the amount of irrigation water they use and the purpose to which that water is directed.
23. The extent to which funding allocations will leverage direct private investment will be a consideration in assessing project proposals.
24. Activities to be funded under the program may include training; business planning (including assessing options for enterprise and farm reconfiguration); risk preparedness; business diversification; innovation adoption; technology transfer and diffusion; pursuing new marketing opportunities; working with customers to realise supply chain efficiencies; identifying new product markets; enhancing business resilience; and improving future responsiveness to changing business conditions and/or market dynamics.
25. Activities funded under this program must not be inconsistent with the strategic directions and planning objectives of regulatory authorities and irrigation infrastructure operators.

Performance benchmarks or milestones

26. Achievement of the outcomes and outputs of this Agreement will be measured by the milestones outlined at Schedule A to this Agreement.

Reporting arrangements

27. The State will provide reports to the Commonwealth consistent with the achievement of milestones as outlined at Schedule A of this Agreement.
28. The State will report on progress in executing the communication and stakeholder engagement, implementation, audit, compliance and performance assessment plans in the final progress report of each financial year, or more frequently if requested by the Commonwealth, including advising of any revisions to these plans or relevant developments as specified in clause 16(g)-(i) of this Agreement.
29. The State will provide an audited annual financial statement, including an acquittal of the previous financial year's services and expenditure and a forecast of anticipated services and expenditure for the following financial year. This report will be required by 31 October each year.
30. The State will provide a list of grants that have been awarded since the previous reporting period, a brief description of those projects and timelines for project completion.
31. The State will provide a status report on current grant projects, including information on the allocation of funding by project type and region, listing any projects that are behind schedule and intended actions for managing the progress of those contracts.
32. Payments to the State will be contingent on acceptance by the Commonwealth of progress reports, as required by clause 28-31 of this Agreement.
33. The State will provide an evaluation report as part of the review outlined at clause 41 of this Agreement, with terms of reference to be agreed by the Commonwealth, consistent with the monitoring and evaluation strategy and performance assessment plan.
34. The State will provide a final program report, including an audited financial statement for the entirety of the program, within ninety days of program completion.

Financial contributions

35. The Commonwealth's estimated financial contribution to South Australia under this Agreement will be \$120.0 million.
36. The Commonwealth's funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.
37. The Commonwealth'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 IGA FFR, are shown at Table 1 in Schedule A to this Agreement.
38. Subject to the outcome of the review referred to at clause 32 of the separate National Partnership Agreement on South Australian River Murray Sustainability Program – Part A, agreement from relevant Commonwealth Ministers may be sought to enable funding to be transferred from the Irrigation Industry Assistance element under this Agreement to fund additional activities under elements described in the National Partnership Agreement on South

Australian River Murray Sustainability Program – Part A, to ensure the return of 36 gigalitres of water to the Commonwealth.

Project management risk

39. The State bears all risk should the costs of this project exceed the agreed estimated costs.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

40. 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

41. In accordance with clause E23 of the IGA, this Agreement is time limited. To assess the degree to which the agreed objectives, outcomes and outputs have been achieved, and to inform future government policy and program approaches, a review of the Agreement will be scheduled to be completed approximately six months prior to its expiry. The review will be consistent with the monitoring and evaluation strategy and performance assessment plan and will include a program evaluation report, that will:
- (b) assess the extent to which the program has improved the overall productivity of the South Australian River Murray irrigation industry and whether these improvements reflect best possible use of grant funds consistent with program objectives;
 - (c) assess the effectiveness of program outputs in achieving improvements in the productivity of the South Australian River Murray Irrigation Industry;
 - (d) assess the efficiency of the program delivery model used by the State, including the extent to which any administration components reflect value for money in supporting program delivery; and
 - (e) contain comprehensive qualitative analysis supported by robust and meaningful quantitative performance measures at an industry level, similar to data presented in the ABARES Farm Survey and the ABARES survey of irrigation farms in the Murray-Darling Basin.
42. This Agreement is intended to provide Commonwealth funding on a one off basis to support the South Australian River Murray Sustainability Program as specified in clause 4. It is not anticipated that the Commonwealth will provide any further funding for these activities beyond the expiry of the Agreement.

Variation of the Agreement

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

Delegations

45. The relevant Commonwealth Minister with portfolio responsibility for agriculture is authorised to agree and amend Schedule A to this Agreement and to certify that performance milestones specified under this Agreement have been achieved, so that related payments may be made.

46. The relevant South Australian Minister with portfolio responsibility for agriculture is authorised to agree and amend Schedule A to this Agreement.
47. The relevant Commonwealth Minister may delegate the assessment of project-based 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

48. Either Party may give notice to the other Party of a dispute under this Agreement.
49. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
50. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.
51. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to relevant First Ministers for consideration.

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

Signed for and on behalf of the Commonwealth
of Australia by



The Honourable Kevin Rudd MP
Prime Minister of the Commonwealth of Australia

[Day] [Month] 2013

05 AUG 2013

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



The Honourable Jay Weatherill MP
Premier of the State of South Australia

[Day] [Month] 2013

8 8 2013

Schedule A

South Australian River Murray Irrigation Industry Assistance – Project Funding Profile and Milestones

NATIONAL PARTNERSHIP AGREEMENT ON SOUTH AUSTRALIAN RIVER MURRAY SUSTAINABILITY PROGRAM

Table 1: Estimated financial contributions

(\$ million)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total ^(a)
Estimated total budget	9.0	17.0	28.0	39.5	16.5	7.5	117.5
Estimated National Partnership payment	9.0	17.0	28.0	39.5	16.5	7.45	117.5
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^(a) The National Partnership Agreement on South Australian River Murray Sustainability Program Part A provides \$147.548 million over the six financial years from 2013-14 to 2018-19 to fund the South Australian River Murray irrigation efficiency, water purchase, and regional economic diversification elements.

PART 2: MILESTONES

- A1 In recognition of the upfront administrative and other costs of implementing the South Australia River Murray Irrigation Industry Assistance Program, the Commonwealth will provide an upfront payment to South Australia of \$1.0 million upon signature of this Agreement.
- A2 To qualify for additional payments, the State must meet the following milestones to the satisfaction of the Commonwealth:

Table 2: Project milestones

Milestone Description	Milestone Completion Date	Reporting Requirements	Payment (\$million) (GST excl)
Commonwealth acceptance of program guidelines, eligibility and assessment criteria, application documentation, and a communication and stakeholder engagement plan for review by the Commonwealth.	30 September 2013	Program administration documentation	\$0.5
Commonwealth acceptance of implementation, risk management, compliance management, and performance assessment plans, an audit compliance plan containing evidence of appropriate audit arrangements, and a monitoring and evaluation strategy, for review by the Commonwealth. Commonwealth acceptance of a report demonstrating the completion of the EoI process for Round 1 applications.	31 October 2013	Program governance documentation and progress report	\$1.0
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances, advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement, and demonstrating the completion of grant agreements for Round 1. The report will also advise of progress in executing the communication and stakeholder engagement, audit,	30 April 2014	Progress report	\$6.5

compliance and performance assessment plans.			
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances, demonstration of the completion of the EoI process for Round 2 applications and grant details in accordance with clauses 30-31 of this Agreement.	31 October 2014	Progress report	\$8.5
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances, advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement, and demonstrating the completion of grant agreements for Round 2. The report will also advise of progress in executing the communication and stakeholder engagement, audit, compliance and performance assessment plans and grant details in accordance with clauses 30-31 of this Agreement.	30 April 2015	Progress report	\$8.5
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances, demonstration of the completion of the EoI process for Round 3 applications and	31 October 2015	Progress report	\$14.0

grant details in accordance with clauses 30-31 of this Agreement.			
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances, advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement, and demonstrating the completion of grant agreements for Round 3. The report will also advise of progress in executing the communication and stakeholder engagement, audit, compliance and performance assessment plans and grant details in accordance with clauses 30-31 of this Agreement.	30 April 2016	Progress report	\$14.0
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and grant details in accordance with clauses 30-31 of this Agreement.	31 October 2016	Progress report	\$19.75
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement. The report will also	30 April 2017	Progress report	\$19.75

advise of progress in executing the communication and stakeholder engagement, audit, compliance and performance assessment plans and grant details in accordance with clauses 30-31 of this Agreement.			
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and grant details in accordance with clauses 30-31 of this Agreement.	31 October 2017	Progress report	\$8.25
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement. The report will also advise of progress in executing the communication and stakeholder engagement, audit, compliance and performance assessment plans and grant details in accordance with clauses 30-31 of this Agreement.	30 April 2018	Progress report	\$8.25
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and grant details in accordance with clauses 30-31 of this	31 October 2018	Progress report	\$4.0

National Partnership Agreement on South Australian River Murray Sustainability Program – Part B

Agreement.			
Commonwealth acceptance of a program evaluation report as outlined in clause 41 of this Agreement and conducted as part of the review of this Agreement.	31 December 2018	Evaluation report	\$2.0
Commonwealth acceptance of a report on progress against the implementation plan for the program, incorporating a current assessment of program outputs and finances and advice on the revision of any administration and governance documentation where specified in clause 16(g)-(i) of this Agreement. The report will also advise of progress in executing the communication and stakeholder engagement, audit, compliance and performance assessment plans and grant details in accordance with clauses 30-31 of this Agreement.	30 April 2019	Progress report	\$1.452

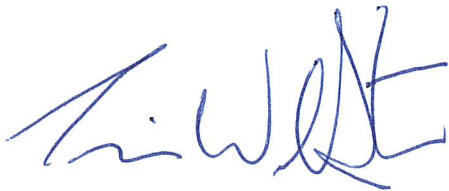
The Parties have confirmed their commitment to this agreement as follows:

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



The Honourable David Littleproud MP
Minister for Agriculture and Water Resources,
Commonwealth of Australia

[Day] [Month] [Year]



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

11 SEP 2018

The Honourable Tim Whetstone MP
Minister for Primary Industries and Regional
Development, State of South Australia

[Day] [Month] [Year]