

PROJECT AGREEMENT FOR THE GREAT ARTESIAN BASIN SUSTAINABILITY INITIATIVE (PHASE FOUR) – 2017-18

An agreement between:

- the Commonwealth of Australia; and
- the State of Queensland.

The output of this project will be strategic investments in three groundwater infrastructure renewal projects to support the sustainable management of Great Artesian Basin groundwater resources.

Project Agreement for the Great Artesian Basin Sustainability Initiative (Phase Four) – 2017-18

OVERVIEW

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.

Purpose

2. This Agreement, through strategic investment in groundwater infrastructure renewal, will support the sustainable management of Great Artesian Basin (the Basin) groundwater resources.
3. This Agreement will support the delivery of three water infrastructure projects that were originally agreed under the Project Agreement on the Great Artesian Basin Sustainability Initiative (Phase Four).
4. The overarching policy objectives and agreed Assessment Guidelines and Project Eligibility Criteria for the delivery of the Great Artesian Basin Sustainability Initiative (Phase Four) are set out at Schedule A of this Agreement.

Reporting Arrangements

5. Queensland will report against the agreed milestones during the operation of this Agreement, as set out in Part 4 – Project Milestones, Reporting and Payments.

Financial Arrangements

6. The Commonwealth will provide an estimated total financial contribution to Queensland of \$420,563, exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

7. Implementation of this Agreement will be consistent with the objectives and outcomes of all agreements between the Parties including the Intergovernmental Agreement on a National Water Initiative.
8. This Agreement constitutes the entire agreement for this project.

Parties to this Agreement

9. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of Queensland.

Term of the Agreement

10. This Agreement will commence as soon as the Commonwealth and Queensland sign it and will expire on 30 June 2018 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 – OUTPUTS

11. To recover water and maintain water pressure within the Basin and through delivery of the three water infrastructure projects at Schedule B, the outputs of this Agreement will be the:
 - (a) replacement of old bores legally operating in an uncontrolled state with controlled bores and efficient, controlled watering systems; and
 - (b) restoration of critical infrastructure assets.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

12. The Commonwealth and Queensland will meet the responsibilities assigned to them in Schedule A.

Role of the Commonwealth

13. In addition to the roles and responsibilities set out in Schedule A, the Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the Great Artesian Basin Sustainability Initiative (Phase Four) 2017-18 under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (b) providing a consequent financial contribution to Queensland to support the implementation of this Agreement.

Role of Queensland

14. In addition to the roles and responsibilities set out in Schedule A, Queensland will be responsible for:
 - (a) providing a financial contribution to support the implementation of this Agreement;
 - (b) all aspects of delivering on the project outputs set out in this Agreement; and
 - (c) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

15. 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

16. 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 payments subject to the annual completion report demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary

Output	Performance milestone	Report due	Payment
Bore replacement and restoration of critical infrastructure assets	Completion of projects in Schedule B, demonstrated by the annual completion report (clause 18)	30/04/2018	\$420,563

17. 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

18. Queensland will provide an annual completion report by 30 April 2018 in accordance with Table 1. The annual completion report will contain the following information:
- a certificate of attainment of practical completion for each complete project;
 - number and cost of eligible bores rehabilitated or capped;
 - number, length and cost of controlled watering systems installed;
 - length of open bore drains replaced;
 - estimates using best available information of volume of water recovered permanently for the environment;
 - number and cost of bores rehabilitated and/or piped that have a significant impact on pressure recovery for Basin dependent springs; and
 - details of any matters that have arisen which adversely impacted on the delivery of the output.
19. For the purposes of this Agreement practical completion means:
- works are completed except for minor defects or omissions, which do not prevent the works being used for their stated purpose;
 - all scheduled tests of new infrastructure have been undertaken, are successful and demonstrate operational performance as expected; and
 - works are fit for the designated use.

20. In addition to the information required under clause 18, the annual completion report will include a final programme report covering the three projects delivered under this Agreement and the projects delivered under the Project Agreement on the Great Artesian Basin Sustainability Initiative (Phase Four). The final programme report will:
- (a) describe the conduct, benefits and outcomes of all projects including factors which have influenced their delivery; and
 - (b) where projects capture data from metering and bore pressure devices set out where the data has been stored and the access and user arrangements applicable to the data.

PART 5 – FINANCIAL ARRANGEMENTS

21. The Commonwealth will provide an estimated total financial contribution to Queensland of \$420,563 in respect of this Agreement. All payments are GST exclusive.
22. The Commonwealth's funding contribution will not be reduced where Queensland secures funding from other activity partners.
23. The Commonwealth's and Queensland's estimated financial contributions to the operation of this Agreement, including through National Partnership payments to Queensland paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

Table 2: Estimated financial contributions

(\$)	2017-18	Total
Estimated total budget	1,111,393	1,111,393
Less estimated National Partnership Payments	420,563	420,563
Balance of non-Commonwealth contributions ^(a)	690,830	690,830

^(a) Non-Commonwealth contributions include Queensland contributions of \$420,563 and landholder contributions of \$270,267.

24. Having regard to the agreed estimated costs of projects specified in this Agreement, Queensland will not be required to pay a refund to the Commonwealth if the actual cost of a project is less than the agreed estimated cost of the project. Similarly, Queensland 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 Queensland to deliver projects cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

25. 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

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

Delegations

28. 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

29. Either Party may give notice to the other Party of a dispute under this Agreement.
30. Officials of both Parties will attempt to resolve any dispute in the first instance.
31. 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:

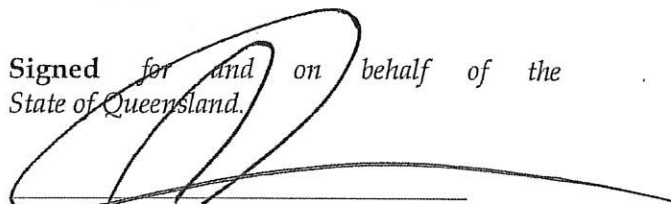
**Signed for and on behalf of the Commonwealth
of Australia by**



The Honourable David Littleproud MP
Minister for Agriculture and Water Resources

14/3/ 2018

**Signed for and on behalf of the
State of Queensland.**



The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

22/1 2018

Schedule A

Assessment Guidelines and Project Eligibility Criteria

PROJECT AGREEMENT ON THE GREAT ARTESIAN BASIN SUSTAINABILITY INITIATIVE (PHASE FOUR)–2017-18

- A1 The Great Artesian Basin Sustainability Initiative (GABSI), which commenced in 1999, aims to conserve and manage a large volume of Australian water resources on a sustainable basis. The overarching policy objectives of the GABSI are to:
- (a) achieve a sustainable and on-going groundwater management system for the Great Artesian Basin (Basin);
 - (b) explore, over the next three years, new Basin wide governance arrangements for the Basin;
 - (c) work towards state Basin water management frameworks which account for all forms of take;
 - (d) work towards a science based understanding of extraction volumes and related management regimes;
 - (e) improve water pressure within Basin aquifers that support high value Basin-dependent springs; and
 - (f) develop partnerships between government, industry and the community in the sustainable management and use of the groundwater resources of the Basin, both within and across State borders; and
 - (g) improve knowledge of Basin water resources and mechanisms for data collection.

ASSESSMENT GUIDELINES

- A2 These Assessment Guidelines provide advice to assist the States in preparing bilateral schedules of eligible projects for funding under the GABSI (Phase Four).
- A3 The Commonwealth agrees to assess the project lists on a State by State basis for inclusion as bilateral schedules to this Agreement in accordance with the Assessment Guidelines set out in this Schedule.
- A4 The State Minister will provide to the Commonwealth Minister two lists of proposed projects for the term of this Agreement which contain the details of each project including:
- (a) the estimated costings and completion date for each activity under each project;
 - (b) the proposed funding formulas to be applied to each project (including details of proposed Commonwealth, State, third party and other contributions, where relevant);

- (c) relevant milestones for each project (for example, estimated water savings, expected improvement in water pressure near Basin-dependant springs, etc);
 - (d) a description of the selection process for each project, including the method by which the voluntary interest of eligible third parties for assistance under the Program has been called for and assessed; and
 - (e) a description of the methods adopted to design and implement each project and, where necessary, justification for the particular approach taken.
- A5 States may include cash and in-kind contributions in estimating the cost of each proposed project. Only direct costs associated with the GABSI are acceptable as such contributions. Administration items incurred and salaries and wages for officers spending less than 20 per cent of their time on the GABSI, should not be included.
- A6 In considering whether to agree to the list of proposed projects submitted by the State, the Commonwealth Minister will take into account for each project:
- (a) consistency with the project eligibility criteria in this Schedule and the outputs of this Agreement;
 - (b) the transparency and equity of the process used to select projects;
 - (c) the 'value for money' of the projects, having particular regard to the cost of each proposed project compared to the water estimated to be saved for the environment and the degree of protection to high value natural springs afforded by such a project;
 - (d) the performance achieved by the State against relevant milestones for the previous financial year, as reported in the annual completion report for that year; and
 - (e) the amount of funding available each financial year for this purpose.
- A7 Should the Commonwealth agree to the proposed project, payments will be made on a matched basis subject to the State achieving milestones specified in the bilateral schedules to this Agreement.
- A8 A State will give priority to capping and piping projects that include an agreement by the landholder to install a meter or bore pressure device consistent with the Australian standard.
- A9 States should give notice to landholders that projects for which land holders agree to monitoring and metering will be given priority funding.
- A10 States will provide evidence in each performance report as to how the requirements of clauses A5, A7 and A8 have been given effect.

PROJECT ELIGIBILITY CRITERIA

- A11 Projects and activities that are eligible for funding under the GABSI (Phase Four) include:
- (a) rehabilitation or replacement of old bores legally operating in an uncontrolled state with controlled bores and efficient, controlled watering systems, particularly where such works will maintain or improve the flow of water to high value Basin dependant springs;
 - (b) rehabilitation or replacement where there has been a critical failure of infrastructure assets previously rehabilitated under earlier programs jointly funded by the Parties, due to the

impact of highly corrosive areas or a generic failure of technology not due to poor workmanship but not including normal maintenance costs;

- (c) activities to encourage best practice approaches to maintaining water extraction and distribution infrastructure;
 - (d) activities that address critical infrastructure failure;
 - (e) activities to promote partnerships between government, industry and the community in the sustainable management and use of the groundwater resources of the Basin, both within and across State borders; and
 - (f) activities to investigate other water wastage issues in the Basin, provided such projects do not duplicate other measures able to be funded under other Commonwealth programs.
- A12 At least 50 per cent of estimated savings from metered projects will be directed to restoring pressure to the formation in which it is saved in the Basin and must not be reallocated by the States for consumptive purposes.
- A13 At least 70 per cent of estimated savings from unmetered projects will be directed to restoring pressure to the formation in which it is saved in the Basin and not be reallocated by the States for consumptive purposes.
- A14 All projects under A10 (a) and (b) require third party financial contributions. States may determine the quantum of third party contributions required for eligibility under this clause.

Schedule B

Table 1: Agreed Projects

List Number	Project ID	Project Name	Project location (lat, long) and shown on attached map	GABSI 4 target aquifer (GMA/ GMU)	Name of and proximity to (km) high value Basin dependent spring/s	Type of activity A10(a) to (f)	Activity description	Meter or bore pressure device (Y/N)	Estimated piping - controlled watering system (km)	Estimated open bore drain replaced / shut-down (km)	Discharge prior (l/s)	Discharge after (l/s)	Proposed water saving (ML/year)		Proposed water saving in relation to state Water Resource Plan (ML/year)			Proposed GABSI funding contribution (\$)			Risk (low, medium, high)	
													Relating to control valve - as a result of changed management practices of the infrastructure	Relating to piping - resulting from reduced system losses or fixing bore drain infrastructure	Maximum water savings potentially available to be reallocated to consumptive purposes from the target aquifer	Water savings not to be reallocated to consumptive purposes from the target aquifer	Water Resource Plan estimated consumptive pool for the target aquifer (within the GMA) prior to water savings	By state	By 3 rd party	By Cwth		Total estimated cost (\$)
1.	1104	Alice Downs	-24.18150603 145.429488895	Hutton Sandstone (Barcaldine South / Barcaldine South 4)	Within 50km of Barcaldine Spring Group	A10 (a)	Rehabilitation (Redrill & Plug)	Y	n/a	n/a	6.7	4.5	71	-	35.5	35.5	4000 **	162,741	81,370	162,741	4,584 #	Low
# This bore is 989 metres deep. As a result the cost to drill a new replacement bore and plug the old bore is significant when compared to shallow bores. Therefore, this higher cost increases the \$Govt per ML/annum saved.																						
2.	51760	Bunda Bunda	-19.7475348 142.1086064	Gilbert river Aquifer (Carpentaria/ Carpentaria 2)	Within 50km of Flinders River Spring Group	A10 (a)	Rehabilitation (Redrill & Plug)	N	n/a	n/a	28	3.8	763	-	229	534	11000 **	90,076	45,039	90,076	236	Low
3.	1445	Antrim	-21.67707254 144.385594358	Moolayembar Formation (Barcaldine West/ Barcaldine West 5)	n/a	A10 (a)	Rehabilitation (Redrill & Plug) & Controlled Watering System (Piping)	N	15	16	4.5	0.6	47	75	37	85	1000 **	167,746	143,858	167,746	2,750	Low
TOTALS									15	16			956		301.5	654.5		420,563	270,267	420,563	2,523^^	
^^ Average																						
** Estimate only, subject to review as part of the ten year review of the GAB WRP.																						
Definitions:																						
'Rehabilitation (Redrill & Plug)': a new replacement bore is drilled, and the uncontrolled bore is plugged. Queensland bore construction standards dictate that any new replacement bores are controlled i.e. the flow from the bore can be shut-down and/or regulated as required.																						
'Controlled Watering System (Piping)': the bore drain is permanently shut-down and replaced with pipelines to tanks and troughs. The tanks and troughs have float valves which shut-off the flow from the bore once the water demand (e.g. stock drinking or domestic use) is met.																						
'Rehabilitation (Plug)': the uncontrolled bore is filled with cement grout, sealing off the flow permanently.																						

Schedule B

Table 2: Additional Information – Process used to prioritise infrastructure projects

First Agreement Clause	Description
A3 (d): a description of the selection process for each project, including the method by which the voluntary interest of eligible third parties for assistance under the Program has been called for and assessed;	<p><u>Calling for voluntary interest:</u></p> <p>It is estimated that there are 378 bores in Queensland which may be eligible for government funding under GABSI Phase 4. These bores have been identified over the last 26 years under the GABSI and its predecessor programs, through interrogation of the Departments Groundwater Database, through department bore inspections, through numerous processes involving the Department seeking expressions of interest from landholders, etc.</p> <p>The Department undertook a mail out to each of the 236 licensees of these bores. The mail out included a letter describing the GABSI Phase 4 funding arrangements, eligibility requirements, the process for an eligible landholder to make a submission, and how landholder submissions would be ranked and prioritised.</p> <p>With regard to clause A8 of the <i>Project Agreement for the Great Artesian Basin Sustainability Initiative (Phase 4)</i>, landholders were also notified in the letter that projects which included the monitoring of bore pressure would be given priority funding.</p> <p><u>Project selection:</u></p> <ol style="list-style-type: none"> Only projects which met the Project Eligibility Criteria under clause A10 of the <i>Project Agreement for the Great Artesian Basin Sustainability Initiative (Phase 4)</i> were accepted and considered. The following selection criteria and weightings were adopted to rank eligible projects: <ul style="list-style-type: none"> <i>Value for money (60% weighting):</i> The eligible projects were ranked according to government value for money, with the best project receiving the full 60% weighting and the least receiving no weighting under this criterion. All projects in between received a proportioned weighting based on their value for money. <i>Benefit to springs (30% weighting):</i> Projects which were less than or equal to 50 kilometres from a designated spring, or the project could be proven through hydrological assessment to benefit the spring, also received this full 30% weighting. All projects which did not benefit springs received no weighting under this criterion. <i>Monitoring (10% weighting):</i> Projects which a landholder nominated to monitor bore pressure or meter their water usage according to department requirements, also received this full 10% weighting. All projects which did not include bore pressure monitoring or water metering received no weighting under this criterion. The sum of the weighted scores against each of the selection criteria determined the final ranking for projects. The higher the score the higher the priority. Critical infrastructure failures were given precedence of funding to ensure earlier water savings that have been achieved, continued to be realised. Thirty eight projects were submitted to Queensland for consideration and ranking. The projects were ranked in accordance with the process shown at point 2 above. Of the thirty eight projects submitted, twenty seven projects were jointly agreed to be funded by the Commonwealth and Queensland governments recognising the good value for money represented by these projects. 21 of the 27 projects were completed in 2016-17 and all Commonwealth contributions were paid to the State for these projects. <ul style="list-style-type: none"> Three projects (4347, 12580 and 166) were withdrawn due to a combination of financial constraints of the ongoing drought, landholder health issues, technical expertise and equipment that cannot be sourced within the approved budget and completion milestones. Three projects (1104, 1445 and 51760) were delayed due to weather events and a shortage of drilling contractors and have been granted an extension to the 2017/18 financial year. <p>A3 (e): a description of the methods adopted to design and implement each project and, where necessary, justification for the particular approach taken</p> <ul style="list-style-type: none"> All proposed projects which involve the rehabilitation or replacement of uncontrolled flowing bores have been certified by a Queensland licenced class 3 driller. The Queensland licenced class 3 driller has certified that the requirements of the <i>Minimum standards for the construction and reconditioning of water bores that intersect the sediments of artesian basins in Queensland</i> (the Standard) have been met. All approved projects which involve the rehabilitation or replacement of uncontrolled flowing bores will be completed and certified by a Queensland licenced class 3 driller. The Queensland licenced class 3 driller will certify that the work completed meets the Standard. The Standard applies to water bores that access either artesian or sub artesian water from the Great Artesian Basin (GAB). The standards acknowledge that pressure loss is a significant issue in the GAB, and they ensure that rehabilitated or new replacement bores don't contribute to this problem. All proposed projects which involve the replacement of bore drains with controlled piping systems have been certified by a registered professional engineer of Queensland (RPEQ). The RPEQ has certified that: <ul style="list-style-type: none"> the piping system has been designed and will be constructed in accordance with the Departments Guidelines, or that they meet another appropriate industry standard; the materials to be used have a 50 year design life, excluding tanks and troughing; and the tanks and or troughing have a 20 year design life. All approved projects which involve the replacement of bore drains with controlled piping systems will be certified by a registered professional engineer of Queensland (RPEQ). The RPEQ will certify that: <ul style="list-style-type: none"> the piping system has been constructed in accordance with the Departments Guidelines, or that they meet another appropriate industry standard; the materials used have a 50 year design life, excluding tanks and troughing; and the tanks and or troughing used have a 20 year design life. An RPEQ is recognised under the <i>Professional Engineers Act 2000</i> to be a qualified and competent engineer. The registration system ensures a high standard of engineering practice exists within Queensland. Queensland has adopted the above methods to ensure a high standard of work is delivered under the program.

