

PROJECT AGREEMENT FOR IMPROVING COUNCILS' ASSET AND FINANCIAL MANAGEMENT PRACTICES - SOUTH AUSTRALIA

Council of
Australian
Governments

An agreement between

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

The outputs of this project are: the implementation of workforce planning as a part of asset and financial management plans; climate change adaptation; building regional capacity through collaboration; and data management. Together this will build on improving asset and financial management practices for 68 Councils across South Australia.

Project Agreement for Improving Councils' Asset and Financial Management Practices - South Australia

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.
2. The Local Government Reform Fund (LGRF) is a two-phase implementation strategy. The South Australian project - *Improving SA Councils' Asset and Financial Management Practices* is part of phase 2 of the LGRF.
3. This project will assist councils to meet functional service requirements through: structured workforce planning; generation of critical information regarding the needs of councils as they relate to the impacts of climate change on asset management and financial sustainability; development and implementation of case studies for regional collaboration; and provision of resources to councils to ensure data capture, verification, analysis and administration in relation to asset and financial management.
4. This Agreement constitutes the entire agreement for this project.

PART 1 – FORMALITIES

Parties to this Agreement

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

Term of the Agreement

6. This Agreement will commence as soon as the Commonwealth and the State signs the Agreement, and will expire on 30 June 2013 or on completion of the project, including the

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

7. The outputs of this Agreement are four separate projects which together will build on the Phase One project through:
 - (a) **Workforce Planning as part of Asset Management and Financial Management Plans** - develop workforce planning tools, manuals and templates;
 - (b) **Climate Change Adaptation** - determine councils' current state for preparations for climate changes as it specifically relates to asset management and financial sustainability, to assist councils to manage their assets planning, building capacities, finances and the likely impacts of climate change;
 - (c) **Building Regional Capacity through Collaboration** - implement case studies of collaboration between councils in development of corporate policies and delivery of corporate services; and
 - (d) **Data Management** - develop and implement data collection and analysis policies and systems to ensure better informed planning and analysis of strategic cross-sector local government issues as they relate to asset and financial management.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

8. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the *Improving South Australia's Councils' Asset and Financial Management Practices* project under this Agreement to ensure the outputs are delivered within the agreed timeframe; and
 - (b) providing a consequent financial contribution to the State to support the implementation of this Agreement.

Role of the State

9. The State will be responsible for:
 - (a) providing a financial and in-kind 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 the outputs as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

10. 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 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

Table 1: Milestones, reporting and payment summary

Outputs	Milestones	Date Due	Relevant Report due	Payment
Development of workforce planning tools, manuals and templates.	A project officer is engaged and a report on workforce planning completed and acceptance of a progress report by the Commonwealth.	28 May 2012	30 May 2012	\$227,500
	Completion of a pilot scheme for six pilot councils to provide a workforce plan, development strategy and a process for workforce planning and acceptance of a progress report by the Commonwealth.	31 May 2012	8 Jun 2012	\$546,000
All councils have received access to advice and tools enabling them to incorporate climate change adaptation factors into their asset management and long term financial plans.	Development of information papers and framework including a resource toolkit for councils to incorporate climate change adaptation factors into their asset management and long term financial plans.	30 Apr 2013	30 May 2013	\$136,000
Six grouping of councils have provided progress reports on the implementation of collaboration opportunities to build regional capacity.	At least two councils have provided progress reports on the implementation of collaboration opportunities to build regional capacity.			
Establishment of a framework for asset and financial management data and alignment of the frameworks for SA and NT.	Completion of a framework for asset and financial management data and SA and NT frameworks aligned and final project report accepted by the Commonwealth.			

Reporting arrangements

11. The State will provide performance reports in accordance with the above table during the operation of the Agreement. Each performance 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 outputs, and how the State propose 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.
12. The State will also prepare a final Project Report within 90 days on the completion of the project(s) 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(s) 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 State, at least 60 days before it is due.

PART 5 – FINANCIAL ARRANGEMENTS

13. The Commonwealth will provide a total financial contribution to the State of \$910,000 in respect of this Agreement. All payments are GST exclusive.
14. The Commonwealth's funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.

15. The Commonwealth's and the State's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the State's 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)	2011-12	2012-13	Total
Estimated total budget	0.7735	0.4665	1.2400
Less estimated National Partnership Payments	0.7735	0.1365	0.9100
Balance of non-Commonwealth contributions	0.000	0.3300	0.3300

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 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

17. 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

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

Delegations

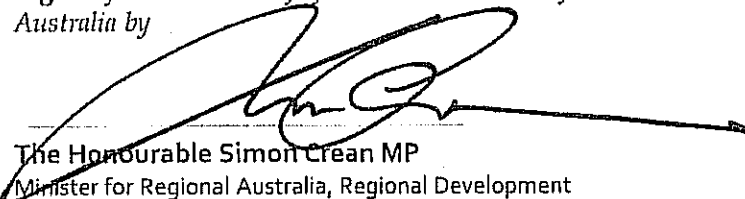
20. The Commonwealth Minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

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

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

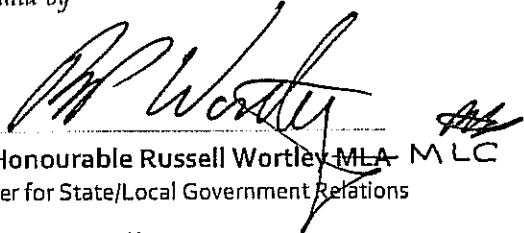
Signed for and on behalf of the Commonwealth of
Australia by



The Honourable Simon Crean MP
Minister for Regional Australia, Regional Development
and Local Government

15 June
[Day] [Month] 2012

Signed for and on behalf of the ~~Commonwealth of~~ ^{State Government}
South Australia by



The Honourable Russell Wortley ~~MLA~~ MLC
Minister for State/Local Government Relations

20 June
[Day] [Month] 2012