

Implementation Plan for Orange City Pipeline

NATIONAL PARTNERSHIP AGREEMENT ON
WATER FOR THE FUTURE

PRELIMINARIES

1. This Implementation Plan is created subject to the provisions of the *National Partnership Agreement on Water for the Future* and should be read in conjunction with that Agreement.
2. The Commonwealth has agreed to provide financial assistance of \$20 million to New South Wales for the construction of a water pipeline from the Macquarie River to the city of Orange. The project is scheduled to be completed by May 2014.

TERMS OF THIS IMPLEMENTATION PLAN

3. This Implementation Plan will commence as soon as it is agreed between the Commonwealth of Australia, represented by the Minister for Sustainability, Environment, Water, Population and Communities and the State of New South Wales, represented by the Minister for Primary Industries.
4. This Implementation Plan will cease on completion of the project as specified in this Implementation Plan, including the acceptance of final performance reporting and processing of final payments against performance benchmarks specified in this Implementation Plan.
5. This Implementation Plan may be varied by written agreement between the Ministers.
6. Either Party may terminate this agreement by providing 30 days notice in writing. Where this Implementation Plan is terminated, the Commonwealth's liability to make payments to New South Wales is limited to payments associated with performance benchmarks achieved by New South Wales by the date of effect of termination of this Implementation Plan.
7. The Parties to this Implementation Plan do not intend any of the provisions to be legally enforceable. However, that does not lessen the Parties' commitment to this Implementation Plan.

PROJECT OBJECTIVE

8. The objective is to build a water pipeline from the Macquarie River to Orange to provide water security for the city. The project involves construction of infrastructure with the capacity to transfer up to 12ML/day of water from the Macquarie River to the Orange City Council's Suma Park Dam. This connection will provide a reliable additional supply of water to reduce ongoing demand on the existing limited potable supply.

ROLES AND RESPONSIBILITIES

Commonwealth

9. The Commonwealth is responsible for reviewing New South Wales' performance against the project milestones in accordance with this Implementation Plan and providing any consequential financial contribution to the State for that performance.

State

10. New South Wales is responsible for:
 - (a) fully funding the project after accounting for financial contributions from the Commonwealth and any third party;
 - (b) delivering and completing the project in a timely and professional manner in accordance with this Implementation Plan; and
 - (c) meeting all conditions including providing reports in accordance with this Implementation Plan.
11. New South Wales agrees to establish a Project Management Committee (the Committee) to develop a Work Plan that is consistent with this agreement and monitor and oversee the implementation of the project. The Commonwealth, at its option, may be an observer at all meetings (via telephone or in person).

PERFORMANCE MILESTONES AND FINANCIAL ARRANGEMENTS

12. The maximum financial contribution to be provided by the Commonwealth for the project is \$20 million payable in accordance with milestones set out in Table 1 below. GST is not payable on amounts paid by the Commonwealth under this implementation plan.
13. The State will enter into an agreement with the Orange City Council as a financial project partner, to ensure security of shared financial commitments outlined in this agreement plus ongoing maintenance of the assets concerned.

Table 1: Performance Milestones and associated payments

Phase Number	Milestone Description	Expected Completion	Amount
1	<ul style="list-style-type: none"> • Execution of an agreement between the State and Orange City Council for this Orange City Pipeline project. 	1 March 2011	\$2,000,000
2	<ul style="list-style-type: none"> • Completion of investigation, design and documentation of the project such that it can be demonstrated that the project will provide acceptable levels of benefit as set out in the <i>Orange City Water Security Project Costed Proposal Information Requirements</i> at Attachment A; • Completion of an Environmental Impact Statement • Planning approvals and land matters <ul style="list-style-type: none"> ○ Preparation and submission of required approvals ○ Stakeholder consultations undertaken ○ All land matters, other than compulsory acquisition, have been completed and all compulsory acquisition matters are in train. ○ Review and settlement of agreements and approvals • Submission of a Progress Report to the satisfaction of the Committee and the Commonwealth 	December 2012	\$3,000,000
3	<ul style="list-style-type: none"> • Procurement processes completed • Completion of preliminary investigation, preliminary design and detailed design and documentation • Site establishment and commencement of construction • Submission of a Progress Report to the satisfaction of the Committee and the Commonwealth 	Expected by April 2013	\$2,000,000
4	<ul style="list-style-type: none"> • Power supply and pipes procured; • Delivery of 10km of pipes to site. • Trench excavation commenced; • Submission of a Progress Report to the satisfaction of the Committee and the Commonwealth 	Expected by June 2013	\$8,000,000
5	<ul style="list-style-type: none"> • Completion of 100% of the construction work • Submission of a Progress Report to the satisfaction of the Committee and the Commonwealth 	Expected by March 2014	\$3,000,000
6	<ul style="list-style-type: none"> • Commissioning and handover completed • Submission of a Progress Report to the satisfaction of the Committee and the Commonwealth • Submission of a Final Report to the satisfaction of the Committee and the Commonwealth, including evidence of completion of all project milestones 	Expected by May 2014	\$2,000,000
Total			\$20,000,000

14. Any Commonwealth financial contribution payable will be processed by the Commonwealth Treasury and paid to the State Treasury in accordance with the payment arrangements set out in Schedule D of the *Intergovernmental Agreement on Federal Financial Relations*.

BUDGET

15. The Overall Project Budget is \$47.0 million. The budget for each phase is set out in Table 2 below.

Table 2: Budget by Phases

Phase Number	Commonwealth Contribution	New South Wales Contribution	Orange City Council Contribution	Total
1	\$2,000,000	\$1,820,000	\$880,000	\$4,700,000
2	\$3,000,000	\$2,730,000	\$1,320,000	\$7,050,000
3	\$2,000,000	\$1,820,000	\$880,000	\$4,700,000
4	\$8,000,000	\$7,280,000	\$3,520,000	\$18,800,000
5	\$3,000,000	2,730,000	\$1,320,000	7,050,000
6	\$2,000,000	1,820,000	\$880,000	\$4,700,000
Total	\$20,000,000	\$18,200,000	\$8,800,000	\$47,000,000

16. Having regard to the estimated costs of the project specified in this Implementation Plan, 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 cost of the project exceed the estimated costs. Parties acknowledge that this arrangement provides the maximum incentive for New South Wales to deliver projects cost-effectively and efficiently.

REPORTING ARRANGEMENTS

17. The State will provide project reports to the Commonwealth to demonstrate its achievement of performance benchmarks set out in Table 1.
18. Each Report is to contain the following information:
- a) a description of actual performance of the Project to date against the Project milestone/s;
 - b) promotional activities undertaken in relation to, and media coverage of, the Project during the last reporting period; and
 - c) a description of the work that will be undertaken to complete the remaining Project Milestone(s), and any expected promotional opportunities, during the next reporting period for the Project.

19. The final Report is due within 60 Business Days of the completion of the Project (or termination of this Implementation Plan or the Project) and will be a stand-alone document that can be used for public information dissemination purposes regarding the Project. The final Report will:
 - a) describe the conduct, benefits and outcomes of the Project as a whole;
 - b) evaluate the Project, including assessing the extent to which the objective has been achieved and explaining why any aspect were not achieved; and
 - c) include a discussion of any other matters, relating to the Project, which the Commonwealth notifies the State should be included in this final Project Report at least 30 days before it is due.
20. The State agrees to meet any reasonable request by the Commonwealth to provide other reports, or access to information, sites or assets to enable assessment or review of the implementation of the project.

NOTICE OF DETAILS FOR THIS PROJECT

- A1 A notice relating to this Project, rather than the Agreement generally, is to be in writing and dealt with as follows:
- a) if given by the State to the Commonwealth:
Director Strengthening Basin Communities
Basin Communities and On-Farm Branch
Water Efficiency Division
Department of Sustainability, Environment, Water, Population and Communities
GPO Box 787
CANBERRA ACT 2600
- or
- b) if given by the Commonwealth to the State:
Director Urban Water
NSW Office of Water
GPO Box 3889
SYDNEY NSW 2001