



Government  
of South Australia

**Hon Tim Whetstone MP**

Minister for Primary Industries  
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MS20-000611

Hon David Littleproud MP  
Minister for Agriculture, Drought and Emergency Management  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

DAVID,

Thank you for your letter of 1 June 2020 regarding the Project Agreement for the Commonwealth Government's Horticultural Netting Infrastructure Program – Trial in South Australia.

South Australia's horticulture sector welcomes the Commonwealth's commitment to the State's horticulture sectors of \$14.6 million to help encourage the industry install netting to protect crops against climate risks and conserve water resources.

The Government of South Australia is pleased to deliver this program for the Commonwealth and I attach the signed Project Agreement which formally secures the funding for South Australia.

I acknowledge the close working relationship between our respective departments and senior officials in developing this Agreement.

I look forward to working with you to maximise the benefits to local industry in South Australia through this important program.

Yours sincerely

Hon Tim Whetstone MP  
**MINISTER FOR PRIMARY INDUSTRIES  
AND REGIONAL DEVELOPMENT**

22 / 6 / 2020

Enclosed: Signed Project Agreement, Horticultural Netting Infrastructure Program – Trial



# PROJECT AGREEMENT FOR THE HORTICULTURAL NETTING INFRASTRUCTURE PROGRAM - TRIAL

An agreement between:

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

The output of this project will be the delivery of a grants program for the purchase and installation of new or replacement of damaged protective netting for horticultural crops.

# Project Agreement for the Horticultural Netting Infrastructure Program - trial

## 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 will support the delivery of funds to primary producers of horticultural crops to purchase and install protective netting to reduce the impact of adverse weather conditions and animal predation, and to reduce the water usage on those same farms.

### Reporting Arrangements

3. The State of South Australia 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

4. The Commonwealth will provide an estimated total financial contribution of \$14.6 million exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

## PART 1 – FORMALITIES

5. This Agreement constitutes the entire agreement for this project.

### Parties to this Agreement

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

### Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and South Australia sign it and will expire on 30 June 2023 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 – PROJECT OUTPUT

### Output

8. To provide funding for payments to eligible primary producers for the costs associated with the purchase and installation of new or damaged protective netting over areas of land used to grow horticultural crops.

## PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

### Role of the Commonwealth

9. The Commonwealth will be responsible for:
  - (a) monitoring and assessing achievement against milestones in the delivery of the Horticultural Netting Infrastructure Program under this Agreement to ensure that outputs are delivered within the agreed timeframe;
  - (b) providing a consequent financial contribution to the States to support the implementation of this Agreement.
10. The State of South Australia 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.

### Shared roles

11. The Commonwealth and the State of South Australia agree to be jointly responsible for:
  - (a) participating in consultations as appropriate regarding implementation of this Agreement;
  - (b) participating in program evaluation of outputs delivered under this Agreement at no cost to the Commonwealth and the State of South Australia.
12. 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

13. 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 performance report demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary

Output <i>[Note: Use the singular as appropriate.]</i>	Performance milestone(s)	Report due	Payment
Delivery of a Horticulture Netting Infrastructure Program	South Australia submits a high-level implementation approach for the Program	31/07/2020	\$7,300,000
	Report detailing all aspects of delivery of the Program from commencement to 31 December 2020.	31/01/2021	\$7,300,000
	Report detailing all aspects of delivery of the Program from 1 January 2021 to 30 June 2021.	31/07/2021	Nil
	Report detailing all aspects of delivery of the Program from 1 July 2021 to 31 December 2021.	31/01/2022	Nil
	Report detailing all aspects of delivery of the Program from 1 January 2022 to 30 June 2022.	31/07/2022	Nil
	Report detailing all aspects of delivery of the Program from 1 July 2022 to 31 December 2022.	31/01/2023	Nil
	Report detailing all aspects of delivery of the Program from 1 January 2023 to 30 June 2023.	31/07/2023	Nil
	Summary of activity for the entire project period, including Program evaluation of data and information as agreed between the parties from grantee self-reporting.	30/04/2023	Nil

14. 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

15. The State of South Australia will provide performance milestone reports in accordance with Table 1 during the operation of the Agreement.
16. Each performance milestone report is to contain a description of actual performance in that reporting period in the performance milestone.
17. Each performance milestone report is to contain the following information:
  - (a) Payments made to primary producers: number of grants; average grant value; total grant value;
  - (b) Crops: average hectares covered by total grant value; hectares covered by commodity; total hectares covered.
  - (c) Location: region within the State in which the grantee farm is located.
  - (d) Progress with purchase and installation of horticultural netting funded through the Program.

## PART 5 – FINANCIAL ARRANGEMENTS

18. The Commonwealth will provide an estimated total financial contribution to the State of South Australia of \$14.6 million in respect of this Agreement. All payments are GST exclusive.
19. The Commonwealth's contribution to the State of South Australia for funding through the Horticultural Netting Infrastructure Netting Program – trial is up to the maximum in Table 2.
20. The Commonwealth's funding contribution will not be reduced where the State of South Australia secures funding from other activity partners.
21. The Commonwealth's and the State of South Australia's estimated financial contributions 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 in Table 2.

**Table 2: Estimated financial contributions from the Commonwealth to the State of South Australia**

(\$ million)	20219-20	2020-21	2021-22	Total
<b>Estimated total budget</b>	<b>0.0</b>	<b>14.600</b>	<b>0.0</b>	<b>14.600</b>
Less estimated National Partnership Payments	0.0	14.600	0.0	14.600
<b>Balance of non-Commonwealth contributions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

22. Having regard to the agreed estimated costs of projects specified in this Agreement, the State of South Australia 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 of South Australia 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 States to deliver projects cost effectively and efficiently.

## **PART 6 – GOVERNANCE ARRANGEMENTS**

### **Enforceability of the Agreement**

23. 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**

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 Parties in writing.

### **Delegations**

26. 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**

27. Any Party may give notice to other [Parties of a dispute under this Agreement.
28. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
29. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

### **Interpretation**

30. For the purposes of this Agreement:
  - (a) Eligible primary producers are applicants who operate as a farm business that produces horticultural crops (including grape vines cultivated for wine-making). Further guidance is at Schedule A.
  - (b) Payments to eligible primary producers will be 50 per cent of the costs incurred by primary producers, up to maximum of \$300,000, for eligible activities undertaken from 16 December 2019.

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

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

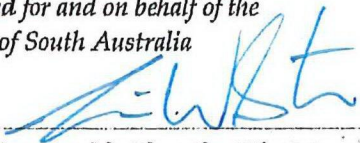


**The Honourable David Littleproud MP**  
Minister for Agriculture, Drought and Emergency Management

[Day] [Month] [Year]

1 JUN 2020

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



**The Honourable Timothy Whetstone MP**  
Minister for Primary Industries and Regional Development

[Day] [Month] [Year]

22 / 6 / 20



## Schedule A

# PROJECT ELIGIBILITY

## PROJECT AGREEMENT FOR THE HORTICULTURAL NETTING INFRASTRUCTURE PROGRAM

### PROJECT ELIGIBILITY CRITERIA

#### Enforceability of the Agreement

- A1 Guidance to the State of South Australia on eligibility for Commonwealth funding under the Horticultural Netting Infrastructure Program.
1. Eligible applicants must:
    1. Be a primary production business (as defined in the *Income Tax Assessment Act 1997*); and
    2. Be property owners, share farmers or lease holders in the horticultural industry; and
    3. Purchase and install protective netting over existing horticultural crops.
  2. The land to be covered must have an established use of horticultural cropping prior to 16 December 2019.
  3. The protective netting must be purchased and installed to reduce the impact of adverse weather events and animal predation, and to reduce water consumption.
  4. Protective netting must be purchased and installed after 16 December 2019.
  5. Eligibility for the payment applies to the purchase and installation of permanent and throw-over protective netting and associated support structures.
  6. The replacement of netting damaged by the bushfires of 2019-20 is not eligible for the payment.

