

AMENDED 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 2025** 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.
8. All funding is to be contracted by the State of South Australia by **30 June 2024** with completion of all works to be finalised by, and payments made to grantees by, **30 June 2025**.

PART 2 – PROJECT OUTPUT

Output

9. 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

10. 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.
11. 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

12. 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.
13. 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

14. 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	Performance milestone(s)	Report due	Payment
Delivery of a Horticultural Netting 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
	Report detailing all aspects of delivery of the Program from 1 July 2023 to 31 December 2023.	31/01/2024	Nil
	Report detailing all aspects of delivery of the Program from 1 January 2024 to 30 June 2024.	31/07/2024	Nil
	Report detailing all aspects of delivery of the Program from 1 July 2024 to 31 December 2024.	31/01/2025	Nil
	Report detailing all aspects of delivery of the Program from 1 January 2025 to 30 June 2025.	31/07/2025	Nil

15. 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

16. The State of South Australia will provide performance milestone reports in accordance with Table 1 during the operation of the Agreement.
17. Each performance milestone report is to contain a description of actual performance in that reporting period in the performance milestone.
18. 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

19. 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.
20. The Commonwealth's contribution to the State of South Australia for funding through the Horticultural Netting Program – Trial is up to the maximum amount in Table 2.
21. The Commonwealth's funding contribution will not be reduced where the State of South Australia secures funding from other activity partners.
22. 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 State of South Australia paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

Table 2: Estimated financial contribution from the Commonwealth to South Australia

(\$ million)	2019-20	2020-21	2021-22	Total
Estimated total budget	0.0	14.600	0.0	14.600
Less estimated payments under the Project Agreement to South Australia	0.0	14.600	0.0	14.600
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0

23. Having regard to the agreed estimated costs of the project 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 cost of the project exceed the agreed estimated cost. The Parties acknowledge that this arrangement provides the maximum incentive for the State of South Australia to deliver the project cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

24. 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

25. The Agreement may be amended at any time by agreement in writing by all the Parties.
26. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all Parties in writing.

Delegations

27. 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

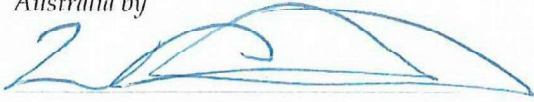
28. Any Party may give notice to other Parties of a dispute under this Agreement.
29. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
30. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

Interpretation

31. 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 a maximum payment 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*

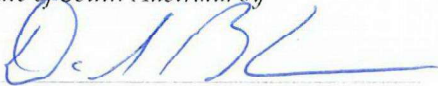


The Honourable David Littleproud MP
Minister for Agriculture and Northern Australia

15 February 2022

[Day] [Month] [Year]

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



The Honourable David Basham MP
Minister for Primary Industries and Regional Development

18th February 2022

[Day] [Month] [Year]

Project Eligibility

PROJECT AGREEMENT FOR THE HORTICULTURAL NETTING PROGRAM

PROJECT ELIGIBILITY CRITERIA

A1 Guidance to the State of South Australia on eligibility for Commonwealth funding under the Horticultural Netting Program.

1. Eligible applicants must:
 - a. Be operating a primary production business (as defined by the *Income Tax Assessment Act 1997*); and
 - b. Be property owners, share farmers or lease holders in the horticulture industry; and
 - c. Purchase and install protective netting over existing horticultural crops.
2. The land to be covered must have an established use of horticulture 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.