

NATIONAL PARTNERSHIP ON INFRASTRUCTURE PROJECTS IN WESTERN AUSTRALIA

An agreement between:

- the Commonwealth of Australia; and
- Western Australia.

This Agreement will contribute to boosting jobs and economic growth in Western Australia through additional investment in land transport infrastructure.

National Partnership on Infrastructure Projects in Western Australia

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

1. This National Partnership (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.
2. In entering this Agreement, the Commonwealth and Western Australia recognise that they have a mutual interest in improving outcomes through additional investment in land transport infrastructure, and need to work together to achieve those outcomes.
3. This Agreement will contribute towards boosting jobs and economic growth in Western Australia through additional investment in land transport infrastructure projects.
4. The Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects listed in clause 10 of this Agreement are subject to the provisions of both the National Partnership on Land Transport Infrastructure Projects and this Agreement. Consequently, this Agreement must be read in conjunction with the National Partnership on Land Transport Infrastructure Projects. The Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme listed in clause 10 of this Agreement are subject to the provisions of this Agreement.
5. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, if any inconsistencies between the terms and conditions of this Agreement and the National Partnership on Land Transport Infrastructure Projects arise, then the terms of the National Partnership on Land Transport Infrastructure Projects will prevail.

PART 1 – FORMALITIES

Parties to this Agreement

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

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Western Australia sign the Agreement and will expire on 30 June 2019, or on completion of the projects including final performance reporting.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

8. The Parties aspire to safe, sustainable land transport infrastructure that boosts jobs and economic growth in Western Australia.

Outcomes

9. This Agreement will facilitate the achievement of the following outcomes:
 - (a) improved land transport infrastructure that boosts jobs and economic growth in Western Australia;
 - (b) improved connectivity for communities, regions and industry; and
 - (c) improved transport safety.

Outputs

10. The objectives and outcomes of this Agreement will be achieved by:
 - (a) constructing new interchanges at the Tonkin Highway – Tonkin Highway Grade Separations (part of the NorthLink WA project);
 - (b) constructing the Swan Valley Bypass section (part of the NorthLink WA project);
 - (c) widening of the southbound carriageway of the Kwinana Freeway – Roe Highway to Russell Road – Widening South Bound;
 - (d) constructing a grade-separated interchange at the intersection of the Roe Highway and Berkshire Road;
 - (e) extending the Mitchell Freeway – Burns Beach Road to Hester Avenue;
 - (f) upgrading the Reid Highway – Malaga Drive Intersection Grade Separation;
 - (g) implementing the Traffic Congestion Management Programme;
 - (h) increasing the capacity of the Russell Road bridge and improving intersections on Russell and Gibbs Road – Aubin Grove Train Station Precinct; and
 - (i) upgrading of the Great Eastern Highway between Bilgoman Road and Mundaring.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

11. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

Role of the Commonwealth

12. The Commonwealth agrees to be accountable for the following roles and responsibilities:
 - (a) providing a financial contribution to Western Australia to support the implementation of this Agreement; and

- (b) monitoring and assessing the performance in the delivery of projects under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframes.

Role of Western Australia

- 13. Western Australia agrees to be accountable for the following roles and responsibilities:
 - (a) for the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme, providing a financial contribution to support the implementation of this Agreement¹;
 - (b) monitoring and assessing the performance in the delivery of projects under this Agreement;
 - (c) delivering on the outcomes and outputs of this Agreement;
 - (c) reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Monitoring and Reporting; and
 - (d) developing and implementing Indigenous workforce strategies, including the promotion of accreditation and training pathways for Indigenous people in affected regions, and the use of Indigenous suppliers where possible.
- 14. Western Australia is also responsible for submitting any infrastructure project seeking more than \$100 million in payment from the Commonwealth for assessment by Infrastructure Australia, and is working with Infrastructure Australia on its assessment of the Mitchell Freeway project.

Local industry participation²

- 15. For the Mitchell Freeway, Reid Highway and Aubin Grove projects and the Traffic Congestion Management Programme, Western Australia agrees to develop and implement a Local Industry Participation Plan (LIPP) where projects are in receipt of Commonwealth payments over \$20 million.
- 16. The development and implementation of a LIPP remains a requirement of Commonwealth funding in circumstances where a State's Local Industry Participation Policy would not normally require a LIPP. Where the State has local industry participation policies, it may rely on those instead of developing additional plans.
- 17. Western Australia must confirm the development of a LIPP in writing to the Department of the Treasury and the Department of Infrastructure and Regional Development.

¹ Western Australia provides a financial contribution to the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects under the National Partnership on Land Transport Infrastructure Projects.

² 'Local Industry Participation Plan' (LIPP) means a written plan based on the National Framework which was agreed between the Commonwealth and the States in 2001 to promote, develop and maintain a sustainable Australian industry capability by encouraging competitive Australian industry participation in investment projects (see www.innovation.gov.au for more information).

Shared roles and responsibilities

18. The Commonwealth and Western Australia agree to be jointly accountable for participating in consultations as appropriate regarding the implementation of this Agreement.
19. 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 – PERFORMANCE MONITORING AND REPORTING

Reporting arrangements

20. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, Western Australia will report in accordance with the requirements of the National Partnership on Land Transport Projects.
21. For the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme, Western Australia will provide the Commonwealth Departments of the Treasury, and Infrastructure and Regional Development with:
 - (a) the necessary assurances required under clause 25 of this Agreement;
 - (b) an Annual Financial Statement and Audit Report; and
 - (c) a post-completion report within twelve months of completion of each project.
22. Annual Financial Statements and Audit Reports will be consistent with those submitted to the Department of Infrastructure and Regional Development under the National Partnership on Land Transport Infrastructure Projects. Post-completion reports will be consistent with those submitted to the Department of Infrastructure and Regional Development under the National Partnership on Land Transport Infrastructure Projects during the post-completion phase of the project.

PART 5 – FINANCIAL ARRANGEMENTS

Financial contributions

23. The Commonwealth will provide a total financial contribution to the State of \$499.1 million in respect of this Agreement on a one-off basis for the projects specified in clause 10. All payments are exclusive of GST.
24. Commonwealth funding is conditional on:
 - (a) in accordance with the *Fair Work (Building Industry) Act 2012*, financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2005, only being made where a builder or builders accredited under the Australian Government Building and Construction Occupational WHS Accreditation Scheme is contracted; and

- (b) for projects that do not have a contract in place at the time of signing this Agreement, compliance with the Building Code 2013.
25. Accordingly, Western Australia is responsible for ensuring that:
- (a) only a builder or builders accredited under the Australian Government Building and Construction Occupational WHS Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth; and
 - (b) for projects that do not have a contract in place at the time of signing this Agreement, compliance with the Building Code 2013 is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth.
26. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, requirements for the accreditation of builders and compliance with the Building Code 2013 are in accordance with the National Partnership on Land Transport Infrastructure Projects.

Interest earned on payments in advance

27. For the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme, all interest earned on Commonwealth payments made in advance must be separately identified. Such interest earned may be used on the project or redistributed to other land transport projects in receipt of Commonwealth funding under either this Agreement or the National Partnership on Land Transport Infrastructure Projects within the State, noting that this will reduce Western Australia's share of funding of current and/or future projects. Interest earned will be additional to the Commonwealth's total funding contribution to the project.
28. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, arrangements for interest earned on payments in advance are in accordance with the National Partnership on Land Transport Infrastructure Projects.

Project savings and cost increases

29. For the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme:
- (a) where the final cost of the project is less than the combined Commonwealth and State contributions, the savings will be divided on a pro-rata basis and the Commonwealth's share will be redistributed to another project or projects in Western Australia by written agreement with the Commonwealth; and
 - (b) where the final cost of the project is more than the combined Commonwealth and State contributions, Western Australia will be responsible for all additional costs from its own-source funds.
30. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, arrangements for project savings and cost increases are in accordance with the National Partnership on Land Transport Infrastructure Projects.

Project funding withdrawals

31. For the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme, Western Australia may withdraw Commonwealth funding from the project prior to the awarding of a construction contract, subject to the written agreement of the Commonwealth, where:

- (a) more recent cost estimates significantly exceed the previous cost estimates; or
 - (b) the timetable for a project cannot be agreed by Western Australia and the construction contractor; or
 - (c) significant delays occur against the timetable for preparing the project for construction; or
 - (d) there are significant changes to the scope of the project.
32. If Western Australia proposes to withdraw funding from a project, it must:
- (a) notify the Commonwealth in writing;
 - (b) obtain the written agreement of the Commonwealth to reallocate the Commonwealth's share of funding to another project or projects in Western Australia; and
 - (c) meet the cost of any necessary payments to affected tenderers from its own-source funds.
33. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, arrangements for project funding withdrawals are in accordance with the National Partnership on Land Transport Infrastructure Projects.

Project cancellations

34. For the Mitchell Freeway, Reid Highway, Aubin Grove and Great Eastern Highway projects and the Traffic Congestion Management Programme, the Parties recognise there may be a need to cancel a project where:
- (a) more recent cost estimates significantly exceed previous cost estimates; or
 - (b) the timetable for a project cannot be agreed by Western Australia and the construction contractor; or
 - (c) significant delays occur against the agreed timetable for preparing the project for construction; or
 - (d) there is agreement that the project has been superseded.
35. If Western Australia proposes to cancel a project, it must:
- (a) notify the Commonwealth in writing;
 - (b) obtain the written agreement of the Commonwealth to reallocate the Commonwealth's share of funding to another project or projects in Western Australia; and
 - (c) meet the cost of any necessary payments to affected tenderers from its own-source funds.
36. For the Tonkin Highway, Swan Valley Bypass, Kwinana Freeway and Roe Highway projects, arrangements for project cancellations are in accordance with the National Partnership on Land Transport Infrastructure Projects.

Estimated financial contributions

37. The Commonwealth's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to Western Australia paid in accordance with *Schedule D — Payment Arrangements* of the IGA FFR, are shown in Table 1.

Table 1: Estimated financial contributions under this Agreement^(a)

(\$ million)	2014-15	Total
Estimated total budget	909.4	909.4
Estimated National Partnership payment	499.1	499.1
<i>Projects that are also funded under the National Partnership on Land Transport Infrastructure Projects^(b)</i>		
NorthLink WA – Tonkin Highway Grade Separations	84.4	84.4
NorthLink WA – Swan Valley Bypass section	54.4	54.4
Kwinana Freeway – Roe Highway to Russell Road – Widening South Bound	23.2	23.2
Roe Highway – Berkshire Road Grade Separation	8.8	8.8
<i>Projects that are not funded under the National Partnership on Land Transport Infrastructure Projects</i>		
Mitchell Freeway – Burns Beach Road to Hester Avenue	209.1	209.1
Reid Highway – Malaga Drive Intersection Grade Separation	67.2	67.2
Traffic Congestion Management Programme	22.4	22.4
Aubin Grove Train Station Precinct – Traffic Congestion Solution	20.0	20.0
Great Eastern Highway – Bilgoman Road to Mundaring	9.6	9.6
Commonwealth own purpose expense	0	0
Total Commonwealth contribution	499.1	499.1
Balance of non-Commonwealth contributions	410.3	410.3

^(a) All estimated financial contributions in Table 1 are exclusive of the Commonwealth's and Western Australia's estimated financial contributions under the National Partnership on Land Transport Infrastructure Projects.

^(b) Under the National Partnership on Land Transport Infrastructure Projects, the Commonwealth is estimated to contribute \$821.6 million in National Partnership Payments for these projects, and Western Australia is estimated to contribute \$249.2 million. These estimates are subject to change as Western Australia's Implementation Plan under National Partnership on Land Transport Infrastructure Projects is updated annually.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

38. 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

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

Dispute resolution

41. Either Party may give notice to the other Party of a dispute under this Agreement.
42. Officials of both Parties will attempt to resolve any dispute in the first instance.
43. 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 Tony Abbott
Prime Minister of the Commonwealth of Australia

16/6/15

[Day] [Month] [Year]

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



The Honourable Colin Barnett MLA
Premier of the State of Western Australia

[Day] [Month] [Year]