

PROJECT AGREEMENT FOR THE RAIL SAFETY REGULATORY REFORM PROJECT OFFICE

Council of
Australian
Governments

An agreement between

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

An agreement between the Commonwealth and the State of South Australia to continue the Project Office for the development of a national rail safety regulatory system.

Project Agreement for the Rail Safety Regulatory Reform Project Office

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 under the Intergovernmental Agreement on Federal Financial Relations.
2. This Agreement will provide funding for the operation of a Project Office to support implementation of a National Rail Safety Regulator (NRSR), consisting of the Rail Safety National Law (including laws to establish the Office of the NRSR), and supporting administration, structures and systems that enable its operation.
3. For historic context, this Agreement is preceded by the National Partnership Agreement to establish a Project Office for Rail Safety Regulatory Reform that expired on 30 June 2011.

PART 1 – FORMALITIES

Parties to this Agreement

4. This Agreement is between the Commonwealth of Australia (the “Commonwealth”) and South Australia.

Term of the Agreement

5. This Agreement will commence as soon as the Commonwealth and South Australia sign the Agreement and will expire on 30 June 2013, unless terminated earlier or extended as agreed in writing by the Parties.

Enforceability of the Agreement

6. 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.

Role of the Commonwealth

7. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the NRSR by the Project Office under this Agreement to ensure that outputs are delivered within the agreed timeframe; and
 - (b) providing a financial contribution to South Australia to support the implementation of this Agreement.

Role of South Australia

8. South Australia will be responsible for:
 - (a) hosting, and contributing to the operating costs of the NRSR Project Office;
 - (b) all aspects of delivering on the project outputs set out in this Agreement;
 - (c) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.
9. 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 2 – PROJECT OUTPUT

Output

10. The output of this Agreement will be a Project Office, led by a Project Director, for the development of a national rail safety regulatory system.

PART 3 – FINANCIAL ARRANGEMENTS

11. The Commonwealth will provide a total financial contribution to South Australia of \$2.0 million in respect of this Agreement, reflecting the Commonwealth's component (35%) of the agreed project budget for 2011-12 and 2012-13. The States and Territories will provide a total financial contribution of \$3.7 million (65%) of the agreed project budget for 2011-12 and 2012-13. All payments are GST exclusive.
12. The Commonwealth's funding contribution will not be reduced where South Australia secures funding from other activity partners through innovative and collaborative partnerships.
13. The Commonwealth's and the States' estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**, are shown in Table 1.

Table 1: Estimated financial contributions

(\$ million)	2011-12	2012-13	Total
Estimated total budget	4.0	1.7	5.7
Less estimated National Partnership Payments	1.4	0.6	2.0
Balance of non-Commonwealth contributions	2.6	1.1	3.7

14. National Partnership payments to South Australia will be paid in accordance with *Schedule D – Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

The following table summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made, once a report certifying that milestones have been met is received and accepted.

Table 2: Milestones, reporting and payment summary

Output	Milestone(s)	Relevant Report due	Payment
Operation of the NRSR Project Office, including maintaining appropriate staffing levels and the provision of accommodation and corporate support.	Acceptance of quarterly reports consistent with reporting arrangements at clauses 15 and 16.	Fifth day of the subsequent month.	<p>\$1.4 m (2011-12)</p> <p>Payments will be made in quarterly instalments, derived from the above yearly allocation, on acceptance of each quarterly milestone report.</p> <p>\$0.6 m (2012-13)</p> <p>Payments will be made in two instalments over the first two quarters of 2012-13 derived from the above yearly allocation, on acceptance of each quarterly milestone report.</p>

Reporting arrangements

15. South Australia will ensure that the Project Director reports to the Transport and Infrastructure Senior Officials Committee (TISOC) and the Standing Council on Transport and Infrastructure (SCOTI) on the progress in implementing the national system, in accordance with Schedule A (Project Office Arrangements) to this Agreement.
16. South Australia, through the Project Director 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 Project Office 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 output, and how the Project Office proposes 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.
17. South Australia, in consultation with the Project Director, will also prepare a final Project Report within 90 days of 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, which the Commonwealth notifies South Australia should be included in the final project report at least 60 days before it is due.

PART 5 – GOVERNANCE ARRANGEMENTS

Dispute resolution

18. Any Party may give notice to other Parties of a dispute under this Agreement.
19. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
20. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, SCOTI.
21. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to the Council of Australian Governments for consideration.

Variation of the Agreement

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

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

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

The Honourable Anthony Albanese MP

Minister for Infrastructure and Transport

2011

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

The Honourable Patrick Conlon MP

Minister for Transport

2011

Project Office Arrangements

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Ministerial Oversight

- A1. The Council of Australian Governments (COAG) will receive progress reports on the overall reform from the Standing Council on Transport and Infrastructure (SCOTI) and will make key decisions at milestones in the implementation.
- A2. SCOTI has responsibility for implementing the reforms. It will provide national, strategic guidance and decision making on the reforms and will report to COAG on its progress.

Executive Oversight

- A3. The Transport and Infrastructure Senior Officials Committee (TISOC), consisting of transport agency chief executives, will report progress on the reforms to SCOTI and seek SCOTI's guidance and decisions on key elements of the reforms.
- A4. TISOC will provide national strategic policy decision-making for the implementation activities, based on SCOTI's advice.
- A5. The Rail Safety Regulation Reform Project Board (RSRRPB) of TISOC (of which all governments are members) will oversee the activities of the Project Director and Project Office.

Guiding Principles for Implementing the National System

- A6. The following principles will guide the activities of the NRSR Project Office in the implementation of the national system:
 - (a) outcomes should aim for national best-practice across all regulatory activities and consider outcomes-based approaches;
 - (b) it must provide scope for ongoing improvements in all outcomes;
 - (c) it should be based on good policy to achieve good long-term outcomes;
 - (d) delivery models should be cost-effective; and
 - (e) industry should be involved at key stages to ensure success.

Project Management and Delivery

- A7. The Project Director will report directly to the RSRRPB on project and implementation activities.

- A8. The Project Director will be supported by a Project Office with day-to-day responsibility for leading and coordinating implementation activities across the agreed workstreams and across all jurisdictions.
- A9. The role, functions and governance of the Project Office were agreed by Transport Agency Chief Executives on 24 March 2010.

Workstreams

- A10. The Project Director will deliver the national system across activities based on the workstreams identified below and included in the agreed project plan.
- A11. The 'strategy' workstream considers strategic and policy activities including:
- (a) the resolution of outstanding policy issues such as drugs and alcohol, fatigue management and general duties;
 - (b) the development of national legislation, prepared under the direction of the Project Office by the National Transport Commission, that will address a range of policy issues, based on the *National Transport Commission (Model Legislation – Rail Safety Bill) Regulations 2006* (Commonwealth);
 - (c) a full cost and capability review of regulatory services to support advice to Ministers on the ongoing funding of the National Rail Safety Regulator; and
 - (d) the development and implementation of a communications plan.
- A12. The 'business services and transition' workstream considers business system development including:
- (a) budgets and finance systems;
 - (b) staffing and human resource systems;
 - (c) contracts and procurement systems;
 - (d) information technology and communication systems;
 - (e) accommodation and physical assets;
 - (f) legal aspects and systems; and
 - (g) stakeholder interfaces and agreements and major change programs.
- A13. The 'operations' workstream considers consultation with the Rail Safety Regulators' Panel (RSRP) and the implementation of a common regulatory approach based on the RSRP's harmonisation work and includes the development of:
- (a) a national schedule of regulatory protocols;
 - (b) standard operating policies and procedures to implement the national body of law;
 - (c) regulatory forms and decision processes, and open compliance issues and actions; and
 - (d) an operational systems plan.

Implementation Schedule

- A14. The Project Office will deliver implementation activities referred to in Paragraphs A11, A12 and A13 in accordance with the project plan timeframes agreed by TISOC.
- A15. COAG has set a final deadline of full implementation by the end of 2012, a timeframe that recognises the importance of implementing the reforms in a timely manner to enable the expected benefits to flow through to industry.
- A16. From signature of this Agreement until 30 June 2013, the major implementation milestones are as follows:

2011/12

July to December 2011	January to June 2012
Consider and recommend to SCOTI approach to cost recovery Review draft model template law, including establishment of regulator Consideration of remnant policy issues COAG consideration of Intergovernmental Agreement (decision) Facilitate the agreement of draft national rail safety legislation – seek approval from TISOC and SCOTI	Review Project Office budget Facilitate process of national legislation through South Australian Parliament Assist jurisdictions (as necessary) to draft enabling legislation Commence the establishment of the NRSR as an Entity Recommend appointment of Chief Commissioner to SCOTI

2012/13

July to December 2012	January to June 2013
Finalise the execution of service level agreements (as required) Facilitate the passage of enabling legislation in other jurisdictions Finalise national schedule of regulatory protocols, policies and procedures for the NRSR Recommend appointment of Assistant Commissioners to SCOTI	Support the establishment and transitional arrangements of the NRSR Closure of Project Office


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

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



The Honourable Anthony Albanese MP
Minister for Infrastructure and Transport
8/8/2011

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



The Honourable Patrick Conlon MP
Minister for Transport
27/9/2011