

Project Agreement for the Western Sydney City Deal

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 the Western Sydney Housing Package and the Western Parkland City Liveability Program as part of the Western Sydney City Deal.

Reporting Arrangements

3. New South Wales will report annually and as required 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 to New South Wales of up to \$75 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. However, it should be read in conjunction with the Western Sydney City Deal, the Western Sydney City Deal Implementation Plan and the Western Sydney City Deal – Supplementary Agreement in relation to the Sydney Metro Western Sydney Airport Rail Project, Value Sharing and the North Bringelly Land.

Parties to this Agreement

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

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and New South Wales 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 OUTPUTS

Outputs

8. The outputs of this Agreement will be:
 - (a) delivery of the \$33.75 million Western Sydney Housing Package, which will support improved planning outcomes in the Western Parkland City; and
 - (b) delivery of the \$210 million Western Parkland City Liveability Program, which will support community infrastructure projects delivered by local governments that are party to the Western Sydney City Deal.
9. The Western Sydney Housing Package comprises the following initiatives:
 - (a) developing and applying uniform engineering design standards for local infrastructure when assessing development proposals in the Western Parkland City;
 - (b) making a Strategic Framework to ensure investment and infrastructure is aligned to anticipated growth and applying an Infrastructure Contribution scheme in the Greater Penrith to Eastern Creek Growth Area;
 - (c) establishing a Western Parkland City Blueprint and Precinct Infrastructure Profiles that support the delivery of housing and employment lands informed by the pilot Place-Based Infrastructure Compact for the Western Sydney Aerotropolis, and the results of sub-regional models for future transport and water infrastructure needs;
 - (d) making new Local Environment Plans for six local governments in the City Deal area facing higher housing growth within two years rather than three that reflect the new Local Housing Strategies and the five and 20 year local government area and district housing targets.
10. The Western Parkland City Liveability Program will support local governments to deliver community infrastructure to improve liveability in the Western Parkland City.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

11. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of the projects under this Agreement to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a financial contribution to New South Wales to support the implementation of this Agreement and its Schedules;
 - (c) in accordance with the *Building and Construction Industry (Improving Productivity) Act 2016*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2016 are only made where a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme is contracted (subject to the financial thresholds defined in the Scheme); and

- (d) ensuring that compliance with the Code for the Tendering and Performance of Building Work 2016 (Building Code 2016) is a condition of Australian Government funding (subject to the financial thresholds defined in the Scheme).

Role of New South Wales

12. New South Wales will be responsible for:

- (a) providing a financial contribution to support the implementation of this Agreement;
- (b) ensuring the delivery of all aspects of the project outputs set out in this Agreement;
- (c) administering the Western Parkland City Liveability Program;
- (d) working with and funding local governments to support the delivery of the Western Sydney Housing Package;
- (e) making relevant payments to local governments as they meet relevant performance milestones as set out in Part 4;
- (f) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments;
- (g) ensuring that only a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme is contracted (subject to the financial thresholds defined in the Scheme), and providing the necessary assurances to the Commonwealth; and
- (h) ensuring that compliance with the Building Code 2016 is made a condition of tender for and performance of building work by all contractors and subcontractors (subject to the financial thresholds defined in the Scheme), and providing the necessary assurances to the Commonwealth.

Shared roles

- 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 relevant performance reports demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary

Performance milestones or benchmarks	Report due	Payment
Western Parkland City housing package		
The Western Sydney Planning Partnership (WSPP) has undertaken an inventory of existing engineering and design standards, identified best practice, made an assessment against District Plan objectives, and undertaken stakeholder engagement.	1/05/2019	\$1m <i>(Complete. Milestone paid FY2018-19)</i>
The uniform engineering and design standards have been submitted to local governments for a decision on their application.	30/10/2019	\$0.25m <i>(Complete. Milestone paid FY2020-21)</i>
NSW has made a Strategic Framework for the Greater Penrith to Eastern Creek Growth Area, that includes a detailed focus on the Orchard Hills and St Marys precinct, allows for future application of an Infrastructure Contribution Scheme and where needed a Ministerial Direction under the Planning Legislation to guide implementation.	31/10/2022	\$1.25m
To inform the development of sub regional models for transport and water infrastructure to undertake land use forecasting, New South Wales has finalised growth scenarios and a baseline assessment of existing infrastructure and services and the scenarios and baseline assessments have been endorsed by the Commission's Infrastructure Delivery Committee (or relevant Sub-Committee).	1/05/2019	\$2m <i>(Complete. Milestone paid FY2018-19)</i>
Using the developed transport and water infrastructure sub-regional models, NSW has developed infrastructure profiles to assist in prioritising and sequencing critical infrastructure in priority growth precincts across the Western Parkland City and made sub-regional water and transport models available to agencies, council, industry and other stakeholders to progress planning and delivery outcomes across the Western Parkland City including via the WPC Blueprint.	30/4/2023	\$3m
New Local Environment Plans are submitted to the Department of Planning and Environment for six local governments in the City Deal area facing higher housing growth that reflect the new Local Housing Strategies and the five and 20 year local government area and district housing targets within two years.	31/07/2020	\$7.5m <i>(\$2.5m per local government)</i> <i>(Complete. Milestone paid FY2020-21)</i>

Western Parkland City Liveability Program*		
Joint Commonwealth and New South Wales agreement to eligibility criteria and program guidelines and announcement of projects. Individual project agreements executed with successful applicants.	30/04/2019	Up to \$4.75m <i>(Complete. Milestone paid FY2018-19)</i>
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	30/04/2020	\$6.3m <i>(Complete. Milestone paid FY2019-20)</i>
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	30/04/2021	\$15.9m <i>(Complete. Milestone paid FY2020-21)</i>
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	30/04/2022	Up to \$19.35m
Successful applicants have delivered on all milestones under individual project agreements.	30/04/2023	Up to \$13.7m

*actual payment made to New South Wales will be half the relevant grant payments made to successful projects in the relevant period, up to the maximum amount shown.

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. New South Wales will provide performance reports in accordance with Table 1 during the operation of the Agreement. Each performance report is to contain a description of actual performance in the period to date against the project milestones.

PART 5 – FINANCIAL ARRANGEMENTS

17. The Commonwealth will provide an estimated total financial contribution to New South Wales of up to \$15 million for the Western Parkland City housing package and up to \$60 million to the Western Parkland City Liveability Program, in respect of this Agreement. All Commonwealth payments are GST exclusive.
18. The Commonwealth's funding contribution will not be reduced where New South Wales secures funding from other activity partners.
19. If the Commonwealth and New South Wales' funding contribution to the Western Parkland City Liveability Program is not fully allocated, the Commonwealth will only contribute 50 per cent of the total value of the grants allocated in support of the Program.

20. The Commonwealth's and New South Wales' 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

Western Parkland City housing package	Year	Estimated total budget	Less estimated National Partnership Payments	Balance of non-Commonwealth contributions
Uniform best-practice local government engineering design standards	2018-19	\$1m	\$1m (Paid)	Nil
	2020-21	\$0.25m	\$0.25m (Paid)	Nil
Finalisation and publication of Strategic Framework for the Greater Penrith to Eastern Creek Growth area.	2022-23	\$2.50m	\$1.25m	\$1.25m
Development and use of Sub-regional transport and water infrastructure models to develop a Place Based Infrastructure Compact (PIC) for the Western Sydney Aerotropolis Growth Area. Sub-regional transport and water infrastructure models made available to government and industry stakeholders and used to develop Precinct Infrastructure Profile planning approach. Use of Sub-regional transport and water infrastructure models to inform development and publication of pilot Precinct Infrastructure Profiles for high growth areas in the Macarthur region.	2018-19	\$15.00m	\$2m (Paid)	\$10.00m
	2021-22		\$1m	
	2022-23		\$2m	
Fast-tracked new local environment plans to reflect the local housing strategies and housing targets	2020-21	\$15.00m	\$7.50m (Paid)	\$7.50m

Western Parkland City housing package sub-total		\$33.75m	\$15.00m	\$18.75m
Western Parkland City Liveability Program	Year	Estimated total budget	Less estimated National Partnership Payments	Balance of non-Commonwealth contributions
Joint Commonwealth and New South Wales agreement to eligibility criteria and program guidelines and announcement of projects. Individual project agreements executed with successful applicants.	2018-19	\$9.5m	\$4.75m (Paid)	\$4.75m
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	2019-20	\$12.6m	\$6.3m (Paid)	\$6.3m
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	2020-21	\$31.8m	\$15.9m (Paid)	\$15.9m
Payments made to successful applicants for achievement of relevant milestones under individual project agreements.	2021-22	\$38.7m	\$19.35m	\$19.35m
Successful applicants have delivered on all milestones under individual project agreements.	2022-23	\$27.4m	\$13.7m	\$13.7m
Western Parkland City Liveability Program sub-total		\$120.00m	\$60.00m	\$150.00m*
Estimated total budget		\$153.75m	\$75.00m	\$168.75m*

* Includes \$90 million contribution from City Deal Councils under the Western Parkland City Liveability Program.

21. Having regard to the agreed estimated costs of projects specified in this Agreement, and subject to the limitation in clause 19, New South Wales 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, New South Wales 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 New South Wales to deliver projects cost-effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

22. 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

23. The Agreement may be amended at any time by agreement in writing by both the Parties.
24. Schedules may be added to the Agreement at any time by agreement in writing by both the Parties.
25. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party 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. Either Party may give notice to the other Party of a dispute under this Agreement.
28. Officials of both 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.

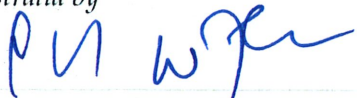
Interpretation

30. For the purposes of this Agreement:
 - (a) the **Western Parkland City** is the planning district covering the City Deal area as defined by the Greater Sydney Commission. It includes the local government areas of the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith, and Wollondilly;
 - (b) the **Western City District Plan** is the 20-year plan for the Western City developed by the Greater Sydney Commission;
 - (c) the **Planning Partnership** is a partnership between New South Wales government agencies and the eight local governments in the Western Parkland City focussed on streamlining and coordinating planning and development;
 - (d) a **Growth Area** refers to an area designated for new development (either greenfield or infill) where integrated land use and infrastructure planning is led by the New South Wales Department of Planning and Environment;
 - (e) a **Strategic Framework** is a structure plan for a Growth Area that defines broad land uses, establishes development precincts and staging, identifies likely needed infrastructure and services. It informs the rezoning of land usually implemented by a State Environmental Planning Policy;

- (f) a **Precinct Infrastructure Profile** is a statement that sets out infrastructure status, needs and interdependencies at a precinct level that allows for the considered prioritisation and sequencing of critical Infrastructure, aligned with the delivery of new housing and employment;
- (g) a **Ministerial Direction** is a direction given by the relevant New South Wales Minister under section 7.17 of the *Environmental Planning and Assessment Act 1979 (NSW)*. An **Infrastructure Contribution** system is an infrastructure charge levied by the New South Wales Government in certain areas to help fund the delivery of key infrastructure such as roads, transport facilities, open space, and social infrastructure such as schools, healthcare, emergency services and affordable housing;
- (h) **uniform engineering design standards** refers to new, consistent engineering design standards developed for local infrastructure (e.g. local roads, footpaths, and storm water management) by local governments;
- (i) **housing targets** refers to the five and 20 year housing targets at the local government area and district level that New South Wales will negotiate and agree with local governments to deliver at least 184,500 homes in the Western Parkland City in the next 20 years as set out in the Greater Sydney Commission's Western City District Plan;
- (j) **sub-regional models** will be developed by New South Wales to project future transport and water infrastructure needs and used in ongoing network and asset management processes by state utilities to align delivery of critical infrastructure with development assessment processes and achievement of housing targets as well as to inform the Western Parkland City Blueprint and Precinct Infrastructure Profiles;
- (k) a **Place-Based Infrastructure Compact** is a mechanism to coordinate planning and delivery of infrastructure and government services aligned to growth scenarios, including the delivery of new housing supply aligned to future infrastructure needs by New South Wales agencies;
- (l) the **Western Parkland City Blueprint** has been developed by the Western Parkland City Authority to identify a set of short-and medium-term priorities against the themes of green, connected and advanced to inform NSW Government investment to deliver on the Parkland City vision established in the Greater Sydney Region Plan.
- (m) **housing strategies** will set out how the housing targets for each local government area will be achieved and the liveability of neighbourhoods maintained and enhanced. They will be developed by local governments and completed within two years rather than three years through this funding support;
- (n) the **Western Parkland City Liveability Program** is a grants program for local governments that are party to the City Deal to deliver improved community facilities, urban amenity and enable and complement new housing supply in the Western Parkland City. The Commonwealth and New South Wales Government will each provide \$60 million, with \$90 million provided through matched contributions to projects by local governments. The New South Wales and Commonwealth Ministers overseeing the Western Sydney City Deal will agree guidelines, select and announce the grants.

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

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



The Honourable Paul Fletcher MP
Minister for Communications, Urban Infrastructure,
Cities and the Arts

8 / 4 / 22

**Signed for and on behalf of the
State of New South Wales by**



The Honourable Stuart Ayres MP
Minister for Western Sydney

31 / 3 / 22