

PROJECT AGREEMENT FOR IMPROVING GREAT ARTESIAN BASIN DROUGHT RESILIENCE

An agreement between:

- the Commonwealth of Australia; and
- the States and Territories of
 - ◆ New South Wales,
 - ◆ Queensland,
 - ◆ South Australia, and
 - ◆ the Northern Territory.

The purpose of this project agreement is to support strategic investments in immediate and long-term measures that improve water security and drought resilience within the Great Artesian Basin.

Project Agreement for Improving Great Artesian Basin Drought Resilience

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 strategic investments in immediate and long-term measures that improve water security and drought resilience within the Great Artesian Basin.

Reporting Arrangements

3. The States 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 to the States of up to \$27.6 million, exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

Parties to this Agreement

5. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the States and Territories of New South Wales, Queensland, South Australia and the Northern Territory (the States).
6. Implementation of this Agreement will be consistent with the objectives and outcomes of all relevant agreements between the Parties, such the Project Agreement for the Interim Great Artesian Basin Infrastructure Investment Program 2019-20, the Intergovernmental Agreement on a National Water Initiative and the Great Artesian Basin Strategic Management Plan (once finalised).

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and one other Party sign it and will expire on 30 June 2024 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. To improve drought resilience and water security within the Great Artesian Basin, the outputs of this agreement, through eligible project activities (guidance at Appendix A), will be:
 - (a) controlled bores and efficient watering delivery systems that reduce water wastage and increase pressure;
 - (b) education and communication programs to assist state agencies implement new Great Artesian Basin water management arrangements; and/or
 - (c) studies that assist with the development and implementation of water management arrangements within the Great Artesian Basin.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

9. The Commonwealth will be responsible for:
 - (a) validating achievement against milestones for the projects and/or activities in the relevant State Work Plan in the delivery of the Improving Great Artesian Basin Drought Resilience program under this Agreement to ensure that outputs have been delivered.
 - (b) providing a consequent financial contribution to the States to support the implementation of this Agreement.

Role of the States and Territories

10. The States will be responsible for:
 - (a) providing a financial contribution to support the implementation of this Agreement that at least matches the Commonwealth's contribution;
 - (b) all aspects of delivering on the project outputs for the projects and/or activities in the relevant State Work Plan as set out in this Agreement; and
 - (c) reporting on the delivery of outputs for the projects and/or activities in the relevant State Work Plan as set out in Part 4 – Project Milestones, Reporting and Payments.

Shared roles

11. Monitoring and assessing achievement against milestones for the projects and/or activities in the relevant State Work Plan in the delivery of the Improving Great Artesian Basin Drought Resilience program under this Agreement to ensure that outputs are delivered within the agreed timeframe

12. The Commonwealth and the States will be jointly responsible for developing and agreeing to bilateral schedules and a list of projects and/or activities in the relevant State Work Plans, in accordance with Part 4 – Project Milestones, Reporting and Payments, concurrently with or as soon as possible following the signing of this Agreement.
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. Project(s) or activities, as listed in the relevant State Work Plan, milestones for the project(s), their relationship to the outputs in Part 2, expected completion dates, relevant reporting dates and expected payments will be outlined in bilateral Schedules to this agreement. The Commonwealth will make payments subject to a performance report demonstrating the relevant milestone has been met.
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 States will provide performance reports to the Commonwealth as set out in the bilateral schedules to this Agreement.
17. Each performance report is to:
 - (a) contain a description of actual performance for the projects and/or activities listed in the relevant State Work Plans in the period to date against the milestones for each project;
 - (b) demonstrate funding contributions from the State and/or third parties at least matches the Commonwealth's contribution;
 - (c) include information on any issues which could adversely impact the delivery of the Improving Great Artesian Basin Drought Resilience program; and the State's proposal for managing or resolving outstanding matters; and
 - (d) demonstrate how each project, as listed in the relevant State Work Plan, has contributed to achieving key outcomes of the relevant State Water Plan, and the Great Artesian Basin Strategic Management Plan (once finalised).

PART 5 – FINANCIAL ARRANGEMENTS

18. The Commonwealth will provide an estimated total financial contribution to the states for the project of up to \$27.6 million in respect of this Agreement. All payments are GST exclusive.
19. The Commonwealth's funding contribution will not be reduced where the States secure funding from other activity partners.

20. The Commonwealth'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 1.

Table 1: Estimated financial contributions

(\$ million)	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Estimated total budget	7.2	12.0	12.0	16.0	8.0	55.2
Less estimated National Partnership Payments^(a)	3.6	6.0	6.0	8.0	4.0	27.6
Balance of non-Commonwealth contributions^(b)	3.6	6.0	6.0	8.0	4.0	27.6

^(a) Estimated National Partnership payments to each State will be set out in the Schedules to this Agreement.

^(b) Estimated non-Commonwealth contributions may include State funding contributions and contributions from third parties. Estimated non-Commonwealth contributions from each State will be set out in Schedules to this Agreement.

21. The Commonwealth and State governments will meet quarterly to track and review forecasts for each financial year. Predicted state underspends of the commonwealth funding component will be made available to other states through consultation between all parties.
22. Having regard to the agreed estimated costs of projects listed in the relevant State Work Plan that informs this Agreement, the States 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 States bear 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.
23. Should the Commonwealth agree to the proposed project included in the relevant State Work Plan, payments will be made on a matched basis subject to the State achieving milestones specified in the bilateral schedules to this Agreement.
24. The Commonwealth contribution to a project listed in the relevant State Work Plan may be reduced if the State does not at least match the Commonwealth contribution as set out in the bilateral schedule. The Commonwealth may also withhold payments until matching requirements are met.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

25. 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

26. The Agreement may be amended at any time by agreement in writing by all the Parties.

27. Bilateral schedules to this Agreement that have no impact on other Parties may be agreed and amended at any time by agreement in writing by the relevant Commonwealth and State portfolio ministers.
28. State Work Plans to this Agreement that have no impact on other Parties may be agreed and amended at any time by agreement in writing by the relevant Commonwealth and State portfolio senior officials.
29. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all Parties in writing.

Delegations

30. 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

31. Any Party may give notice to other Parties of a dispute under this Agreement.
32. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
33. 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 David Littleproud MP
Minister for Agriculture and Water Resources

[Day] [Month] [Year]

20 Jan 2020

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



The Honourable Melinda Pavey MP
Minister for Primary Industries

[Day] [Month] [Year]

11 3 2020

Signed for and on behalf of the State of Queensland by

The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

[Day] [Month] [Year]

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

The Honourable David Speirs MP
Minister for Environment and Water

[Day] [Month] [Year]

Signed for and on behalf of the Northern Territory by

The Honourable Eva Lawler MLA
Minister for Environment and Natural Resources

[Day] [Month] [Year]

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Minister for Primary Industries

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Minister for Natural Resources, Mines and Energy


[Day] [Month] [Year]

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

The Honourable David Speirs MP
Minister for Environment and Water

[Day] [Month] [Year]

Signed for and on behalf of the Northern Territory by



The Honourable Eva Lawler MLA
Minister for Environment and Natural Resources

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[Day] [Month] [Year]

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The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

[Day] [Month] [Year]

19 / 08 / 2020

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

The Honourable David Speirs MP
Minister for Environment and Water

[Day] [Month] [Year]

Signed for and on behalf of the Northern Territory by

The Honourable Eva Lawler MLA
Minister for Environment and Natural Resources

[Day] [Month] [Year]

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Minister for Agriculture and Water Resources

[Day] [Month] [Year]

20 Jan 2020

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State of New South Wales by*

The Honourable Melinda Pavey MP
Minister for Primary Industries

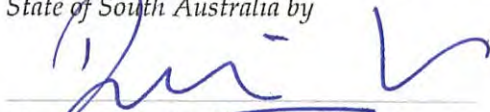
[Day] [Month] [Year]

*Signed for and on behalf of the
State of Queensland by*

The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

[Day] [Month] [Year]

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



The Honourable David Speirs MP
Minister for Environment and Water

[Day] [Month] [Year]

19 02 2020

*Signed for and on behalf of the Northern
Territory by*

The Honourable Eva Lawler MLA
Minister for Environment and Natural Resources

[Day] [Month] [Year]

Appendix A

Assessment Guidelines and Project Eligibility Criteria

PROJECT AGREEMENT FOR IMPROVING GREAT ARTESIAN BASIN
DROUGHT RESILIENCE

ASSESSMENT GUIDELINES

- A1 These Assessment Guidelines provide advice to assist the States in preparing a list of eligible projects and/or activities for funding under the Improving Great Artesian Basin Drought Resilience program. These projects and/or activities will be detailed in a Work Plan that informs the relevant bilateral schedules to the Agreement.
- A2 The State Work Plan is agreed by the Commonwealth and Jurisdiction senior officials and can be amended by the State should both Parties agree in writing.
- A3 The Commonwealth agrees to assess the proposed projects and/or activities on a State-by-State basis for inclusion in the relevant State Work Plan which informs the bilateral schedules to this Agreement in accordance with the Assessment Guidelines set out in this Appendix.
- A4 State senior officials will provide to Commonwealth senior officials a list of proposed project(s) and/or activities, as part of the State Work Plan, for the term of this Agreement (to be updated at least annually) which should contain the following details:
 - (a) the estimated costings and completion date for each activity under each project or activity;
 - (b) the proposed funding required to achieve each project or activity (including details of proposed Commonwealth, State, third party and other contributions, where relevant);
 - (c) relevant outcomes for each project or activity;
 - (d) a description of the selection process for each project and/or rationale to support the activity;
 - (e) a description of the methods adopted to design and implement and, where necessary, justification for the particular approach taken; and
 - (f) how the proposed works contribute to one or more of the outputs at Part 2 – Project Outputs.
- A5 States may include cash and contributions in estimating the cost of each proposed project. Only direct costs associated with the Improving Great Artesian Basin Drought Resilience program are acceptable as such contributions. Administration items incurred and salaries and wages for officers spending less than 20 per cent of their time on the program, should not be included.

- A6 In considering whether to agree to the bilateral schedule, itself informed by a list of proposed projects or activities in the State Work Plan submitted by the State, the Commonwealth Minister will take into account for each bilateral schedule:
- (a) consistency with the project eligibility criteria in this Appendix and the outputs of this Agreement;
 - (b) the transparency and equity of the process used to select projects;
 - (c) the 'value for money'¹ of the projects, having particular regard to the cost of each proposed project compared to the water estimated to be saved or the alignment to the Great Artesian Basin Strategic Management Plan principles and/or relevant State Water Plan objectives;
 - (d) the amount of funding available each financial year for the proposed project(s) and/or activities.
- A7 Should the Commonwealth agree to the proposed project, payments will be made on a matched basis subject to the State achieving milestones specified in the bilateral schedules to this Agreement.
- A8 States will provide evidence in each annual performance report as to how the requirements of clauses A6 and A10 have been given effect.

PROJECT ELIGIBILITY CRITERIA

- A9 Projects and activities that are eligible for funding under the program include:
- (a) rehabilitation or replacement of ageing, legally-operated bores and associated water distribution infrastructure which are in an uncontrolled state, or at high technical assessment risk of becoming uncontrolled and replaced with controlled bores and efficient watering system infrastructure. Particularly where such works will achieve significant and quantifiable environmental benefit or avoid significant and quantifiable environmental degradation;
 - (b) rehabilitation or replacement of bores where there has been a critical failure of infrastructure assets previously rehabilitated under earlier programs jointly funded by the Parties, due to the impact of highly corrosive water or a generic failure of technology not due to poor workmanship or for the payment of normal maintenance costs;
 - (c) decommissioning of old bores where the state governments have implemented regulatory responses that require landholders to manage their own assets;
 - (d) Water meter and/or pressure monitoring device fitted to any licenced bore. Monitoring and/or measurement devices installed must be pattern approved (by the manufacturer or supplier) in accordance with requirements of the appropriate Australian Standard.
 - (e) project management costs, audits of works (including bore reviews), marketing and promotional material for the program; and compliance programs that assist state agencies to implement new Great Artesian Basin water management arrangements;

¹ The current value for money assessment figure and method will be reviewed by Senior Officials prior to 30 June 2020.

- (f) activities to encourage landholders to adopt best practice approaches to maintaining water extraction and distribution infrastructure including education and communication activities which assist in minimising the wastage of water and increase water pressure; and
 - (g) undertaking studies that assist with the development and implementation of water management arrangements within the Great Artesian Basin.
- A10 All projects under clauses Ag(a) and (b) must have a water meter or pressure monitoring device. Any new water meter that is installed must be pattern approved (by the meter manufacturer or supplier) in accordance with requirements of the National Measurement Institute and installed and operated in accordance with ATS 4747 of Standards Australia.
- A11 At least 70 per cent of the estimated water savings over and above the licenced allocation from an infrastructure project under clauses Ag(a), (b) and (c) will be directed to restoring pressure to the formation in which it is saved in the Basin and must not be reallocated by the States for consumptive purposes.
- A12 All projects under clauses Ag(a), (b) and (c) require third party financial contributions. States may determine the quantum of third party contributions required for eligibility under this clause.