

Water Management Solutions Program
Project Schedule SA-11
to the South Australian and Commonwealth Water
Management Partnership Agreement

South Australian Priority Project SA-11 - Water Management Solutions Program

A. Project Schedule Term and Interpretation

This Project Schedule to the Water Management Partnership Agreement (the Agreement) dated 4 November 2009 between the Commonwealth of Australia (the Commonwealth) and the State of South Australia (the State) commences on the date this Project Schedule is signed by the Commonwealth and sets out the terms and conditions under which the Commonwealth will fund and the State will complete its delivery of the Water Management Solutions Program (the Project).

Capitalised terms in this Project Schedule are defined in Item K of this Project Schedule or have the same meaning as in Clause 18.4 of the Agreement unless otherwise specified.

B. Water Management Solutions Program

B.1. Summary and Duration of the Project

B.1.1. The State will, unless otherwise agreed in writing between the Parties:

- a. develop an ICT-based business system, by no later than 30 June 2021, that will:
 - i. be customer-focused and provide remote management of dealings relating to the State's water register;
 - ii. provide context rich and real-time data related to customer accounts, enabling real-time trade and timely, accurate and customised system reporting; and
 - iii. otherwise comply with the requirements of this Project Schedule; and
- b. complete any other requirements set out in this Project Schedule, including in relation to reporting, by the dates specified in this Project Schedule and where appropriate, the Agreement.

B.1.2. The Parties acknowledge and agree that:

- a. the State determined to commence work on the Project on July 2017 following discussions between the Commonwealth and South Australia Water Ministers and prior to:
 - i. the Commonwealth providing written confirmation to the State that the Business Case satisfies the due diligence criteria under the Agreement on 11 July 2017; and
 - ii. any decision by the Commonwealth to provide Funding for the Project
- b. the Commonwealth has agreed to provide Funding to the State to deliver the Project in accordance with the terms of this Project Schedule; and
- c. the State confirms that its delivery of the Project during the period prior to commencement of this Project Schedule is consistent with the applicable terms of this Project Schedule.

B.2. Aim of the Project

- B.2.1. The aim of the Project is to replace and streamline the State's current water management and accounting business systems and processes to:
- a. assist the State to meet its regulatory reporting requirements, including under the *Water Act 2007* (Cth) and subsidiary legislative instruments;
 - b. improve intra and interstate water trading by reducing trading times and provide seamless data interfaces between the South Australian, New South Wales and Victorian water management and accounting systems;
 - c. provide water reliant industries and communities with the flexibility to buy and sell water when it is needed; and
 - d. deliver dynamic real-time data to water users, stakeholders and governments to enable timely, evidence-based decisions.

B.3. Project Requirements

B.3.1. The State agrees to ensure that the Project is undertaken in accordance with the requirements of this Project Schedule and agreed the annual Workplans.

- B.3.2. The State agrees:
- a. that it has sole responsibility for managing the implementation of the Project, with the Commonwealth not required to perform any aspects of the Project;
 - b. that it is responsible for ensuring the proper and efficient conduct of the Project;
 - c. that there is proper and efficient monitoring, auditing and reporting of expenditure against the Project Budget (Item D) and delivery of the Project Activities, and to keep the Commonwealth informed of the progress of the Project;
 - d. that, if requested, it will give the Commonwealth access to the State's relevant records and personnel, to enable the Commonwealth to conduct audits and reviews by a person appointed by the Commonwealth, of any aspect of the Project;
 - e. to ensure that any contracts between the State and Contractors contain a clause which requires Contractors to give the Commonwealth access to records and personnel, to enable the Commonwealth to conduct audits, and activity reviews, by a person appointed by the Commonwealth, of any aspect of the Project, including verifying the carrying out of Project Activities for which Funding or State Contribution has been paid;
 - f. that appropriate governance arrangements are in place for the Project;
 - g. that all aspects of the Project will be carried out in accordance with all applicable laws (including, but not limited to workplace health and safety), all applicable Australian standards and will align with and support the Australian Government Digital Transformation Office's Digital Transformation Agenda;

- h. that it is responsible for meeting the Milestones described in Item C.1.1;
- i. that it is responsible for ensuring that Project Reports, the Final Project Report and independent audit statements in respect of the Project are provided to the Commonwealth;
- j. to hold the Funds in a separate interest-bearing bank account which the State solely controls, with an authorised deposit-taking institution authorised under the *Banking Act 1959 (Cth)* to carry on banking business in Australia and established solely for the purposes of accounting for, and administering, any Funding and interest earned on Funding provided under this Project Schedule;
- k. to provide evidence of its compliance with this Item B, consistent with Item I;
- l. to ensure that all Contractors maintain appropriate insurance, including:
 - i. workers compensation insurance as required by law;
 - ii. public liability insurance; and
 - iii. professional indemnity insurance;
- m. to ensure that the Project Budget is spent in accordance with Item D.1; and
- n. to develop a gateway approval process as required by the Commonwealth's due diligence assessment of the Project.

B.3.3. The Commonwealth will:

- a. make timely payments in accordance with agreed Milestones, at Item C.1.1, where the State has, to the Commonwealth's satisfaction, met the Payment Preconditions; and
- b. if it considers it necessary, undertake audits of the Project at the Commonwealth's cost.

B.3.4. The Commonwealth and State agree that:

- a. this Project Schedule may be signed by the Parties in two counterparts, in which case, the two counterparts together will be taken to constitute the one Project Schedule;
- b. for the purposes of Clause 16.1 and as specified in Clause 16.1.2 of the Agreement, a variation to this Project Schedule may be signed for and on behalf of the Commonwealth, with the addition that a variation may be signed for and on behalf of the State by its relevant Minister or an authorised State official; and
- c. the Project Budget will be capped at a maximum of \$14,702,675 (excl GST), with any cost overruns above this amount the sole responsibility of the State, unless otherwise agreed in writing between the Parties in accordance with Clause 16 of the Agreement.

B.4. Annual Workplans

- B.4.1. The State agrees to prepare annual Workplans, consistent with the WMS Program Plan, to be used as the basis for Project Reports. The Workplans must be approved by the Commonwealth.
- B.4.2. The annual Workplans at a minimum must include:
 - a. a description of the Project Activities, and outputs to be achieved for each Reporting Period;
 - b. a detailed budget against Project Activities; and
 - c. an indicative budget for the out years as per the Project Costs.
- B.4.3. The State agrees to provide the Commonwealth with the annual Workplans in accordance with C.1.1.
- B.4.4. The Commonwealth agrees to provide the State with a response to the annual Workplans within 20 Business Days of the receipt of the Workplan.
- B.4.5. For the avoidance of doubt, if there is any inconsistency between the Workplans and this Project Schedule, this Project Schedule prevails to the extent of the inconsistency.

C. Project Milestones, Reports and Payments

C.1.1. The Milestones, Reports and Payments for the Project are set out in the following table.

Milestone	Reporting Period	Project Report Type	Report Due Date	State Payment (excl GST)*	Commonwealth Payment (excl GST)	Payment Date	Total (excl GST)	Payment Preconditions
0	N/A	N/A	N/A			On signature		Signing of Project Schedule by both Parties.
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Program Plan and 2018-19 Workplan provided to the Commonwealth within 6 weeks of signing of this Project Schedule.
2	Project commencement to 31/12/18	Project	18/02/19			On or after 7/4/19		Provision of a Project Report that contains the information specified in Item I of this Project Schedule for the Reporting Period, to the satisfaction of the Commonwealth.
3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2019-20 Workplan provided to the Commonwealth no later than 31 May 2019.
4	1/1/19 to 30/6/19	Project	12/08/19			On or after 7/10/19		Provision of a Project Report that contains the information specified in Item I of this Project Schedule for the Reporting Period, to the satisfaction of the Commonwealth.
5	1/7/19 to 31/12/19	Project	17/02/20			On or after 7/4/20		Provision of a Project Report that contains the information specified in Item I of this Project Schedule for the Reporting Period, to the satisfaction of the Commonwealth.
6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2020-21 Workplan provided to the Commonwealth no later than 31 May 2020.
7	1/1/20 to 30/6/20	Project	10/08/20			On or after 7/10/20		Provision of a Project Report that contains the information specified in Item I of this Project Schedule for the Reporting Period, to the satisfaction of the Commonwealth.
8	1/7/20 to 31/3/21	Project and Final Project Report	10/05/21			On or after 7/6/21		Provision of a Project Report that contains the information specified in Item I of this Project Schedule for the Reporting Period and a Final Project Report, to the satisfaction of the Commonwealth.
TOTAL				\$1,370,268	\$12,332,407		\$13,702,675	

* Note: State Contribution has been included as a Payment Precondition under J.1.2.a.

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D. Project Cost

D.1 Project Budget

D.1.1. The Parties agree to the Project Budget set out in the following table, unless otherwise agreed in writing between the Parties in accordance with Clause 16 of the Agreement.

Items	Cost \$ (excl GST)
State project management and implementation support Costs	
Supplier implementation costs (including contingency)	
ICT infrastructure costs	
Total Project Budget	14,702,675

D.2. Contingency Amounts Contained in the Project Cost

D.2.1. The Project Cost and Budget includes a maximum contingency amount for Supplier implementation costs of [REDACTED] (GST exclusive) comprised of:

- a. [REDACTED] (excl GST) in Commonwealth Funding (the Commonwealth contingency); and
- b. [REDACTED] (excl GST) State Contribution (the State Contribution contingency).

D.2.2. The Commonwealth will only reimburse the State for any Supplier Implementation Costs which are intended to be covered by an amount of the Commonwealth contingency, where:

- a. there is still an amount of the Commonwealth contingency available;
- b. the State makes a written request for an amount of the Commonwealth contingency Funding from the Commonwealth and provides evidence that:
 - i. it is necessary and appropriate that any Supplier Implementation Costs are covered by the contingency, having regard to any relevant terms in this Project Schedule; and
 - ii. the relevant amount sought represents 90% of the relevant costs, and that the State has or will contribute ten percent of its State Contribution contingency towards any such expenditure; and
- c. the Commonwealth is satisfied with the evidence provided by the State and the person holding the position of First Assistant Secretary responsible for the Sustainable Rural Water Use and Infrastructure Program approves the payment of any such Commonwealth contingency (in respect of which approval will not be unreasonably withheld).

D.3. Contribution Components of Project

D.3.1. The Parties agree to the following contribution components for the Project, unless otherwise agreed in writing between the Parties in accordance with Clause 16 of the Agreement:

Parties	Contribution \$ (excl GST)
Commonwealth Funding (up to a maximum of)	13,232,407
State Contribution (up to a maximum of)	1,470,268
Total Project Budget	14,702,675

D.4. State Contribution

D.4.1. The State agrees to provide cash contributions to this Priority Project for each Milestone and prior to the relevant Milestone payment being made by the Commonwealth.

D.4.2. For the avoidance of doubt, any Funding that the State has received from the Commonwealth is not to be included as part of the State Contribution in Item D.3.1.

E. **Reserved**

F. **Reserved**

G. **Reserved**

H. Indemnity

H.1.1. Notwithstanding any other provision of this Project Schedule, the State agrees to indemnify, and keep indemnified, the Commonwealth against any cost, liability, loss or expense incurred by the Commonwealth in respect of any third party (including Commonwealth Personnel) claims against the Commonwealth, which includes without limitation the Commonwealth's legal costs and expenses on a solicitor/own client basis and the cost of time spent, resources used and disbursements paid by the Commonwealth, arising from any act or omission by the State or its Personnel in connection with the Project specified in this Project Schedule.

H.1.2. The State's liability to indemnify the Commonwealth under this Item H will be reduced proportionally to the extent that any fault on the Commonwealth's part contributed to the relevant cost, liability, loss or expense. In this Item H.1.2, 'fault' means any reckless, negligent or unlawful act or omission, or wilful misconduct.

H.1.3. The indemnity in this Item H is in addition to, and not exclusive of, any other right, power or remedy provided to the Commonwealth by law, but the Commonwealth is not entitled to be compensated in excess of the relevant cost, liability, loss or expense.

I. Project Reports

I.1. Project Reports

I.1.1. The State agrees to provide the Commonwealth with a Project Report after the end of each Reporting Period and by the date specified in Item C.1.1. The Project Report must include evidence of project management and contract management activities, progress and performance of the Project, and financial management. Each Project Report must also contain the following:

- a. a description of actual performance of the Project including information regarding progress towards and/or completion of Project Activities, outputs and milestones set out in the Workplan for the relevant Reporting Period;
- b. summary information about the Project Activities that are to be, and have been undertaken for the Project;
- c. an income and expenditure statement of the Funding and State Contributions for the Project for the Reporting Period against the Project Budget specified in Item D.1 of this Project Schedule;
- d. a statement of the interest earned by the State on the Funds provided for the Project;
- e. any promotional activities undertaken by the State in relation to, and media coverage of, the Project (as relevant), during the period and any proposed promotional activities during the next period; and
- f. any other items that are agreed by the State and the Commonwealth to be included in the Project Report, where it can reasonably be expected that such information has been collected, or may be collected in the future.

I.1.2. The Commonwealth's approval of each Project Report specified in Item C.1.1 is required.

I.2. Final Project Report

I.2.1. The Final Project Report for the Project is due by the date specified in Item C.1.1 unless otherwise agreed in writing between the Parties.

I.2.2. The Final Project Report will be a stand-alone document that can be used for public information dissemination purposes regarding the Project that:

- a. describes the conduct, benefits and outcomes of the Project as a whole;
- b. evaluates the Project, including assessing the extent to which the aims (refer Item B.2) of the Project have been achieved and, if applicable, explaining why any aspect of the Project was not achieved;
- c. provides detailed financial information regarding the total Project Budget, Funding and State Contribution for the Project;
- d. summarises all promotional activities undertaken in relation to, and media coverage of, the Project;
- e. includes a discussion of any other reasonable matters, relating to the Project, which the Commonwealth notifies the State should be included in the Final Project Report for the Project at least 30 Business Days before it is due; and
- f. includes any other items that are agreed by the State and the Commonwealth where it can reasonably be expected that such information has been collected, or may be collected, during the Project duration.

I.2.3. The Final Project Report should be accompanied by a separate document that contains a certified income and expenditure statement signed by the Chief Finance Officer, Department for Environment and Water that clearly identifies:

- a. the State's receipt and expenditure of the Funding for the Project, and confirms the amount of Funding that was expended by the State in accordance with this Project Schedule;
- b. the State's receipt and expenditure of any interest earned by the State on the Funding and State Contributions;
- c. the receipt and expenditure of any State Contributions provided by the State for the Project;
- d. any cost savings or cost overruns for the Project; and
- e. the amount, if any, of Funds paid to the State and the amount of any State Contributions that the State has not spent on the Project in accordance with the Agreement.

I.3. Audit Reports

- I.3.1. Audited Financial Reports are to be provided for the Project as specified in Schedule 4 Item C of the Agreement.

J. Payment Schedule for Funding for the Project

- J.1.1. Consistent with Item D.2 the maximum amount of Funds payable by the Commonwealth to the State in respect of the Project is \$13,232,407 (excl GST), including a maximum contingency payment of [REDACTED] (excl GST), unless otherwise agreed in writing between the Parties in accordance with Clause 16 of the Agreement. With the exception of any Commonwealth contingency funding, the Funds shall be paid in instalments, as specified at Item C.1.1, and on the completion of the Payment Preconditions. Each payment of Funds is due on or after the date set out in Item C.1.1 and after the State is assessed as having completed all of the Payment Preconditions relating to that payment and has provided the Commonwealth with a Project Report to the reasonable satisfaction of the Commonwealth.
- J.1.2. The Payment Preconditions for each payment of Funds for Milestones under this Project Schedule are:
 - a. conformance with all the requirements for the Project specified in this Project Schedule, including the completion of the Milestone(s) specified in this Project Schedule for that payment of Funds and evidence that the State Contribution has been made;
 - b. the receipt and acceptance by the Commonwealth of the relevant Project Report as per this Project Schedule and all previous Reports required under this Project Schedule; and
 - c. for the avoidance of doubt, where there is delayed achievement of Milestones, subject to the continuing availability of appropriation funding for this purpose in the relevant financial period, the Commonwealth may make payments of Funds in relation to delayed achievements of relevant Milestones.
- J.1.3. The Payment Preconditions for each payment of Funds for contingency are set out in Item D.2.2 to the maximum amount set out in Item D.2.1.

K. Definitions

K.1.1. For the purpose of this Project Schedule only, the terms specified in this Item K.1.1 have the following meaning:

“Australian Accounting Standards” means the accounting standards made by the Australian Accounting Standards Board under section 334 of the *Corporations Act 2001* (Cth);

“Australian Auditing Standards” means the auditing standards made by the Auditing and Assurance Standards Board under section 336 of the *Corporations Act 2001* (Cth);

“Budget” refers to a budget for expenditure of the Funding and State Contribution for the purposes of conducting the Project and performing obligations under this Project Schedule;

“Business Case” means the documents submitted by the State as per clause 5.1.3 of the Agreement to the Commonwealth to enable the Commonwealth to conduct a Due Diligence assessment of the Project in accordance with Clause 5.1.2.a of the Agreement;

“Clause” means a clause in the Agreement;

“Commonwealth” means the Commonwealth of Australia, as represented by the Department of Agriculture and Water Resources (or any other Department with responsibility for administering this Project Schedule from time to time);

“Contractor” means any person contracted by the State, excluding employees of the State, to complete the aims and activities of the Project, and for the avoidance of doubt, includes the Supplier;

“DEW” means the South Australian Department for Environment and Water ABN 36 702 093 234;

“Final Project Report for the Project” means the Project Report required to be provided under Item I.2 of this Project Schedule;

“Item” refers to an item in this Project Schedule;

“Parties” means the parties to this Project Schedule and the Water Management Partnership Agreement dated 4 November 2009, and namely the Commonwealth and the State;

“Program Plan” means an overarching plan developed by DEW which documents the approach for governance, risk and issue management, project management framework, gateway approvals and a project plan GANNT chart;

“Project” means the project as described in this Project Schedule that the State is required to undertake;

“Project Activities” means the activities undertaken to complete the Project as outlined in the annual Workplans;

“Project Budget” means the total Funding and State Contributions made available for expenditure on Project Activities;

“Project Schedule” means this document;

“Reporting Period” means the relevant period/s specified in the table at C.1.1.;

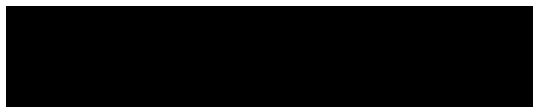
“State” means the State of South Australia as represented by DEW (or any other Department with responsibility for administering this Project Schedule from time to time);

“Supplier” means the provider of the software licence, maintenance and related services for the ICT-based business system developed under the Project;

“Workplan” means a document that states what Project Activities and outputs will be undertaken to achieve the Project. Item B.4. of this Project Schedule describes the minimum requirements for a Workplan.

By signing this document, the parties to the Agreement dated 4 November 2009 agree that this document will be incorporated into the Agreement as Project Schedule SA-11 on and from the date the Commonwealth signs this document.

Signed for and on behalf of the
Commonwealth of Australia by the
**Minister for Agriculture and Water
Resources** in the presence of



Signature of delegate

The Hon. David Littleproud MP

Minister for Agriculture and Water Resources



Signature of Witness

Annemi Kruger

Name of Witness (print)

24/12/2018

Date



Signed for and on behalf of the **State of
South Australia** by the **Minister for
Environment and Water** in the presence of



Signature of delegate

The Hon. David Speirs MP

Minister for Environment and Water



Signature of Witness

Chrissie Bloss

Name of Witness (print)

20/12/2018

Date

