

NATIONAL PARTNERSHIP AGREEMENT ON THE IMPLEMENTATION OF THE TASMANIAN FORESTS INTERGOVERNMENTAL AGREEMENT

Council of
Australian
Governments

An agreement between

- n the Commonwealth of Australia; and
- n the State of Tasmania

This Agreement will support the Tasmanian forest industry to progressively transition to a more sustainable and diversified footing and assist in protecting high conservation value forests and ensuring sustainable wood supply.

National Partnership Agreement on the Implementation of the Tasmanian Forests Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

1. This National Partnership 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, which provides information in relation to performance reporting and payment arrangements.
2. In entering this Agreement, the Commonwealth and the State recognise that they have a mutual interest in supporting the Tasmanian forest industry to progressively transition to a more sustainable and diversified footing, assisting in protecting high conservation value forests and ensuring sustainable wood supply, and recognise the need to work together to achieve those outcomes.
3. This Agreement deals only with the portion of funding under the Tasmanian Forests Intergovernmental Agreement that is being provided directly to the State by the Commonwealth. In addition to these investments the Commonwealth will be delivering a range of assistance and economic diversification programs. This agreement should be read in conjunction with the Tasmanian Forests Intergovernmental Agreement.
4. The Tasmanian Forests Intergovernmental Agreement commitment of \$120 million over 15 years for economic diversification (see Clause 41 of the Tasmanian Forests Intergovernmental Agreement) will be delivered through a combination of Commonwealth programs not covered by this Agreement, and if necessary an appropriate form of funding agreement between the Commonwealth and the State to deal with any funding to be provided directly to the State. In accordance with Clause 41 of the Tasmanian Forests Intergovernmental Agreement, any funding provided for regional development will be repaid by the State to the Commonwealth in the event that the Tasmanian Parliament does not pass legislation to provide protection for the high conservation value forest referred to in Clause 29 of the Tasmanian Forests Intergovernmental Agreement.

5. This Agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion; including responding to Indigenous disadvantage (for example, the reform commitments provided in the **National Indigenous Reform Agreement**) and those commitments are embodied in the objectives and outcomes of this Agreement.

PART 1 – FORMALITIES

Parties to this Agreement

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

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and the State sign the Agreement and will expire on 30 June 2016, or on completion of the project including the acceptance of final performance reporting and processing of final payments against performance benchmarks and milestones, unless terminated earlier or extended in writing by the parties, in accordance with Clauses 52 and 53 of the Tasmanian Forests Intergovernmental Agreement.
8. Recognising the ongoing nature of funding to support the management of additional reserves, arrangements for the extension of this aspect of the Agreement will be agreed between the Parties to the Agreement prior to 30 June 2016.

Enforceability of the Agreement

9. 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.

Delegations

10. The relevant Commonwealth Minister with portfolio responsibility for environmental matters is authorised to certify that performance benchmarks specified under this Agreement have been achieved, so that payments may be made.

Interpretation

11. For the purposes of this Agreement:
 - (a) the Tasmanian Forests Intergovernmental Agreement means the Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania dated 7 August 2011; and
 - (b) CPI means the national Consumer Price Index.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

12. The Parties agree to work together to facilitate the implementation of the Tasmanian Forests Intergovernmental Agreement to support the Tasmanian forest industry to progressively transition to a more sustainable and diversified footing and assist in protecting high conservation value forests and ensuring sustainable wood supply.

Outcomes

13. This Agreement will facilitate achievement of the following outcomes, in accordance with the Tasmanian Forests Intergovernmental Agreement:
 - (a) the Tasmanian forest industry has a sustainable and guaranteed wood supply; and
 - (b) native forest with high conservation values is further protected through inclusion in formal legislated reserves.

Outputs

14. The objectives and outcomes of this Agreement will be achieved by:
 - (a) retirement of native forest sawlog supply, as required under Clauses 22 and 23 of the Tasmanian Forests Intergovernmental Agreement;
 - (b) completion of an independent verification process by the Independent Verification Group, as required under Clause 20 of the Tasmanian Forests Intergovernmental Agreement, to advise the Commonwealth and State Governments on wood supply requirements and the protection of high conservation value forests;
 - (c) the State guaranteeing wood supply for the Tasmanian forest industry in accordance with Clause 17 of the Tasmanian Forests Intergovernmental Agreement;
 - (d) the State introducing legislation into the Parliament to protect agreed areas of high conservation value native forest no later than 30 June 2012, in accordance with Clause 30 of the Tasmanian Forests Intergovernmental Agreement;
 - (e) legislative protection of areas of reserve determined by the independent verification process by 30 September 2012, as required under Clause 29 of the Tasmanian Forests Intergovernmental Agreement; and
 - (f) management of the additional legislated forest reserves on an ongoing basis in accordance with Clause 35 of the Tasmanian Forests Intergovernmental Agreement.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

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

Role of the Commonwealth

16. The Commonwealth agrees to be accountable for the following roles and responsibilities:
 - (a) providing financial contributions to the State to support the implementation of this Agreement; and

- (b) monitoring and assessing performance in the delivery of tasks and outcomes under this Agreement, as required under the Tasmanian Forests Intergovernmental Agreement, to ensure that outputs are delivered and outcomes are achieved within the agreed timeframes.

Role of the State

- 17. The State agrees to be accountable for the following roles and responsibilities:
 - (a) providing a financial contribution to support the implementation of this Agreement;
 - (b) delivering outcomes and outputs assigned to the State for implementation; and
 - (c) monitoring, assessing and reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Monitoring and Reporting.

Shared roles and responsibilities

- 18. The Commonwealth and the State share the following roles and responsibilities:
 - (a) participating in consultations as appropriate regarding the implementation of this Agreement; and
 - (b) conducting evaluations and reviews of services and outputs delivered under this Agreement.
- 19. The 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 events, announcements, promotional material or publicity relating to activities, and that the roles of both Parties will be acknowledged and recognised appropriately, in accordance with a communications strategy and protocols to be agreed between relevant Commonwealth and State agencies.

PART 4 – PERFORMANCE MONITORING AND REPORTING

Milestones

- 20. The Parties agree to meet the following milestones:
 - (a) the State will inform the Commonwealth of the volume of native forest sawlog supply retired in accordance with Clause 22 of the Tasmanian Forests Intergovernmental Agreement, by 28 October 2011;
 - (b) the State will regulate to guarantee wood supply of at least 155,000 cubic metres per year of high quality sawlog by 30 June 2012; and
 - (c) the State will introduce legislation to protect those areas of high conservation value determined as compatible with the guaranteed timber supply by the Independent Verification Group, in accordance with Clause 29 of the Tasmanian Forests Intergovernmental Agreement, by 30 June 2012.

Performance benchmarks

21. The Parties agree to meet the following performance benchmarks:
 - (a) demonstrated protection and ongoing management of identified areas of high conservation value in additional reserves in accordance with Clause 35 of the Tasmanian Forests Intergovernmental Agreement; and
 - (b) the guarantee of wood supply for the Tasmanian forestry industry in accordance with Clause 17 of the Tasmanian Forests Intergovernmental Agreement.

Reporting arrangements

22. The State will provide reports upon achievement of milestones as outlined in paragraph 20.
23. The State will report against the agreed performance benchmarks and outputs every 12 months during the operation of this Agreement. Reports are required by 31 July each year.

PART 5 – FINANCIAL ARRANGEMENTS

Financial contributions

24. The Commonwealth and the State have committed \$277 million under the Tasmanian Forests Intergovernmental Agreement (including \$15.5 million from the State). A proportion of this commitment will be delivered through Commonwealth programs, not covered under this Agreement.
25. The Commonwealth will provide funding of \$43 million to the State in financial year 2011-12 to facilitate the implementation of the Tasmanian Forests Intergovernmental Agreement, as agreed under Clause 34 of the Tasmanian Forests Intergovernmental Agreement.
26. The Commonwealth will provide funding of \$7 million to the State in financial year 2011-12 to support the management of additional reserves, as required under Clause 35 of the Tasmanian Forests Intergovernmental Agreement. This payment will be subject to receipt of advice from the State, in accordance with paragraph 20(a) of this Agreement, that it has retired native sawlog supply in accordance with Clause 22 of the Tasmanian Forests Intergovernmental Agreement.
27. The Commonwealth will provide funding of \$7 million to the State per financial year (indexed to CPI) beyond 2011-12 to support the management of additional reserves. This payment will be subject to acceptance by the Commonwealth of the annual report (detailed in paragraph 23 above) and formal legislative protection by the State of the areas of reserve. Base funding will be reviewed after five years, as required under Clause 35 of the Tasmanian Forests Intergovernmental Agreement.

28. Clause 33 of the Tasmanian Forests Intergovernmental Agreement states that if legislation to ensure the protection of new areas of forest reserve (giving effect to Clause 29 of the Tasmanian Forests Intergovernmental Agreement) is not in place within three months of its introduction, either government may request a review of future funding. Clause 41 of the Tasmanian Forests Intergovernmental Agreement also states that any funding provided for regional development under that Clause will be repaid by the State to the Commonwealth in the event that the Tasmanian Parliament does not pass legislation to provide protection for the high conservation value forest referred to in Clause 29 of the Tasmanian Forests Intergovernmental Agreement.
29. The Commonwealth's funding contribution will not be reduced where the State secures funding from other activity partners through innovative and collaborative partnerships.
30. National Partnership payments to the States will be paid in accordance with *Schedule D — Payment Arrangements* of the **Intergovernmental Agreement on Federal Financial Relations**, noting that the \$43 million payment specified in paragraph 25 will be paid in full on the first available payment day following the signing of this Agreement.

Project management risk

31. Having regard to the agreed estimated costs of projects specified, the State 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 State 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 the State to deliver projects cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Dispute resolution

32. The Parties agree that if a dispute arises between the Parties it must be resolved expeditiously in accordance with the following:
 - (a) when a dispute arises, either Party may serve a notice on the other specifying the nature and substance of the matter or issue in dispute;
 - (b) within seven days of the notice being served the Parties must attempt to settle the dispute; and
 - (c) each of the Parties agrees to use its best endeavours to resolve the dispute.
33. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
34. If a dispute is unable to be resolved by officials, it may be escalated to the relevant Ministers. If a dispute is unable to be resolved by the relevant Ministers, it may be referred to the Prime Minister and Tasmanian Premier for consideration.

Review of the Agreement

35. The Agreement will be reviewed by 30 September 2012 with regard to progress made by the Parties in respect of achieving the agreed outcomes.
36. A review of the base funding for the ongoing \$7 million per annum conservation funding, indexed to CPI, will occur by 30 June 2016.

37. Additional reviews will be agreed between the parties if required.

Variation and Termination of the Agreement

38. The Agreement may be amended at any time by agreement in writing by the Parties.
39. With the exception of paragraph 40 below, this Agreement may only be terminated by the Commonwealth with the consent of the State where the State has been given notice; or by the State with the consent of the Commonwealth where the Commonwealth has been given notice.
40. This Agreement may be terminated by the Commonwealth, where the State has been given a 30 day period of notice on:
- (a) a failure to proclaim the new Formal Reserves in accordance with Clause 30 of the Tasmanian Forests Intergovernmental Agreement; or
 - (b) a failure to use money for the purpose for which it was allocated by the Commonwealth.
41. The provisions of paragraph 40 do not apply if the failure is of a minor nature or rectification is possible and has occurred before the end of the 30 day period.

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

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

The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of Australia

September 2011

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

The Honourable Lara Giddings MP
Premier of the State of Tasmania

September 2011