

PROJECT AGREEMENT FOR THE HEALTH AND HOSPITALS FUND – 2010 REGIONAL PRIORITY ROUND PROJECT IN PALMERSTON

Council of
Australian
Governments

An agreement between

- the Commonwealth of Australia and
- the Northern Territory of Australia

The output of this project will be the construction of the new Palmerston Hospital.

Project Agreement for the Health and Hospitals Fund – 2010 Regional Priority Round Project in Palmerston

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.
2. The Health and Hospitals Fund makes strategic investments in the health system that will underpin major improvements in efficiency, access or outcomes of health care.
3. This Agreement will support the delivery of the Health and Hospitals Fund – 2010 Regional Priority Round Project in Palmerston through the construction of the new Palmerston Hospital.
4. This Agreement replaces the *Construction of the Palmerston Hospital, Northern Territory* project from the previous *Project Agreement for Five Health and Hospitals Fund – 2010 Regional Priority Round Projects in the Northern Territory* dated 28 May 2012.
5. This Agreement constitutes the entire agreement for the *Construction of the Palmerston Hospital, Northern Territory* project.

PART 1 – FORMALITIES

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) represented by the Minister for Health, and the Northern Territory represented by the respective Minister with portfolio responsibility for health.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Northern Territory sign the Agreement and will expire on 30 June 2018 or on completion of the project as outlined in the Project Plan, 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, as described in the Regional Priority Round of the Health and Hospitals Fund project application dated 2 December 2010, and in the Project Plan, will be:

The construction of the Palmerston Hospital, which will include:

- a. approximately 14,345 m²
- b. up to 60 acute and sub-acute beds;
- c. a 24/7 emergency department;
- d. a specialist ambulatory care unit; and
- e. paediatric and elective surgery services.

PART 3 – ROLES AND RESPONSIBILITIES

Role of the Commonwealth

9. The Commonwealth will be responsible for:
- (a) monitoring and assessing achievement against payment milestones for the Construction of the Palmerston Hospital project, under this Agreement and in accordance with the project milestones specified in the Project Plan to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to the Northern Territory to support the implementation of this Agreement;
 - (c) in accordance with the *Fair Work (Building Industry) Act 2012*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2005, are only made where a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted; and
 - (d) ensuring that compliance with the Building Code 2013 is a condition of Australian Government funding.

Role of the Northern Territory

10. The Northern Territory will be responsible for:
- (a) providing a financial contribution to support the implementation of this Agreement;
 - (b) developing and providing to the Commonwealth a Project Plan (see below);
 - (c) all aspects of delivering on the project outputs set out in the Project Plan and in this Agreement;
 - (d) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments;

- (e) ensuring that only a builder or builders accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth; and
 - (f) ensuring that compliance with the Building Code 2013 is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth.
11. The Northern Territory will also be responsible for ensuring that, for the purposes of the practical completion of a milestone, the project will:
- (a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that the Northern Territory cannot reasonably fix, or by fixing, will significantly inconvenience users of the works;
 - (b) not cause any legal or physical impediment to the use and occupation of the property and the works for the designated use; and
 - (c) be fit for the designated use.

Project Plans

12. Project Plans need to be agreed by senior Commonwealth and Northern Territory officials.
13. Project Plans would typically include details on scope, project schedule, budget, project stakeholders, governance arrangements, communication plan, high level design plans and a risk management plan.
14. The Project Plan is expected to be a flexible document that may be varied over time to accommodate changed circumstances. Variations to the Project Plan that directly affect payment milestones and their achievement are subject to written agreement between senior Commonwealth and Northern Territory officials.

Shared roles

15. 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 4 – PAYMENT MILESTONES, REPORTING AND PAYMENTS

16. 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 evidence certifying that milestones have been met is received and accepted. Detailed project milestones are included in the Project Plan.

Table 1: Payment milestones, reporting and payment summary

Output	Milestone	Date due	Relevant Report due	Payment
Construction of the Palmerston Hospital, Northern Territory (consistent with the requirements specified at clause 8).	Project Pan developed in accordance with clauses 12-14	Apr-12	Apr-12*	\$1.0m*
	Site Services commence	Jul-14	Nov-14	\$20.0m**
	Commence Construction	May-15	May-15	\$35.0m
	Completion of base building	Apr-16	May-16	\$20.0m**
	Internal fit-out commenced	May-16		\$26.0m
	Completion of Construction	Mar-18	May-18	\$5.0m
	Practical completion of the project and a Final bi-annual Report	May-18		\$3.0m

* Payments made

**Additional funding not appropriated through the Health and Hospitals Fund.

Reporting arrangements

17. The Northern Territory will submit bi-annual Project Status Reports in accordance with the template at Schedule A. These reports are due on the 10th Business day of May and November each year. The Commonwealth will make payments subject to the submission of either the Project Status Reports or other evidence demonstrating the milestones have been met in accordance with Table 1.
18. Bi-annual Project Status Reports are required to be submitted via the Commonwealth Department of Health's Capital Works Reporting Online system. All bi-annual reports must be certified by an appropriate Northern Territory Delegate as being a true and accurate representation of the progress of the project for the relevant reporting period.
19. The Final bi-annual Report referred to Table 1 will be a report that can be used for public information and dissemination purposes and will evaluate the Project from the Northern Territory's perspective and include a description of the conduct, benefits and outcomes of the Project.

PART 5 – FINANCIAL ARRANGEMENTS

20. The Commonwealth will provide a total financial contribution to the Northern Territory of \$110 million in respect of this Agreement (\$70 million from the Health and Hospitals Fund 2010 Regional Priority Round, and \$40 million from the Commonwealth Election Commitment 2013-14 Mid-Year Economic and Fiscal Outlook). The Northern Territory will provide a total financial co-contribution of \$40 million to the project. All payments are GST exclusive.
21. The Commonwealth's funding contribution will not be reduced where the Northern Territory secures funding from other activity partners through innovative and collaborative partnerships.

22. The Commonwealth's and the Northern Territory's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the Northern Territory paid in accordance with *Schedule D – Payment Arrangements* of the Intergovernmental Agreement on Federal Financial Relations, are shown in Table 2.

Table 2: Estimated financial contributions

(\$million)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Estimated total budget	1.0	0.0	0.0	55.0	46.0	40.0	8.0	150.0
Commonwealth contribution (HHF)	1.0			35.0	26.0		8.0	70.0
Commonwealth contribution (2013-14 MYEFO Measure)				20.0	20.0			40.0
Balance of non-Commonwealth contributions						40.0		40.0

23. Having regard to the agreed estimated costs of the project specified in this Agreement, the Northern Territory 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 Northern Territory 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 Northern Territory to deliver the project cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

24. 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

25. The Agreement may be amended at any time by agreement in writing by the Parties.
26. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

27. 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

28. Either Party may give notice to the other Party of a dispute under this Agreement.
29. Officials of both Parties will attempt to resolve any dispute in the first instance.
30. 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:

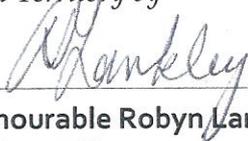
Signed for and on behalf of the
Commonwealth of Australia by



The Honourable Peter Dutton MP
Minister for Health
Minister for Sport

4 June 2014

Signed for and on behalf of the
Northern Territory by



The Honourable Robyn Lambley MLA
Minister for Health
Minister for Alcohol Rehabilitation

13th August 2014

Schedule A

Project Status Report:

Project Status Report

Report Month:

Submission Status:

Submission Date: xx/xx/20xx

Current Forecast Completion Date: xx/xx/20xx

Actual Date of Project Completion: xx/xx/20xx

Current Project Stage:

Key Activity Undertaken Since Previous Report:

Significant achievements in next 6 months:

Progress Status

Schedule: Green/Amber/Red

Cost: Green/Amber/Red

Compliance: Green/Amber/Red

Scope: Green/Amber/Red

Slippage Comments:

Corrective Action Taken:

Risk: Green/Amber/Red

Milestones

Name	(%) Completion	Completion Date			
		Original	Current	Forecast	Actual
Project Pan developed in accordance with clauses 12-14					
Site Services commence					
Commence Construction					
Completion of base building					
Internal fit-out commenced					

Completion of Construction					
Practical completion of the project and a Final bi-annual Report					