

PROJECT AGREEMENT FOR HEALTH AND HOSPITALS FUND – 2011 REGIONAL PRIORITY ROUND PROJECTS IN HILLSTON AND PEAK HILL

Council of
Australian
Governments

An agreement between
the **Commonwealth of Australia** and
New South Wales

The outputs of these projects will be redevelopment of the Hillston Health Service and Peak Hill Health Service to Multipurpose Services to provide contemporary health care facilities suited to their catchment populations.

Project Agreement for Health and Hospitals Fund – 2011 Regional Priority Round Projects in Hillston and Peak Hill

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 objectives of the Health and Hospitals Fund, whilst not replacing state and territory effort, are to invest in major health infrastructure programs that will make significant progress towards achieving the Commonwealth's health reform targets, and make strategic investments in the health system that will underpin major improvements in efficiency, access or outcomes of health care.
3. The Commonwealth contribution is conditional on the achievement of outputs and milestones by New South Wales, which will be assessed by the Commonwealth through the provision of the Project Plans by New South Wales and standard quarterly project status reports as outlined in Part 4.
4. This Agreement will support the delivery of the Health and Hospitals Fund – 2011 Regional Priority Round Projects in Hillston and Peak Hill as follows:
 - (a) redevelopment of the current Hillston Health Service facility to provide an integrated Multipurpose Service which will deliver a range of targeted health and aged care services; and
 - (b) redevelopment of the current Peak Hill Health Service facility to provide an integrated Multipurpose Service which will deliver a range of targeted health and aged care services.
5. This Agreement constitutes the entire agreement for these projects.

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 New South Wales represented by the respective New South Wales Minister with portfolio responsibility for health.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and New South Wales sign the Agreement and will expire on 30 June 2015 or completion of the projects as outlined in the Project Plans, including the acceptance of final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by the Parties.
8. The Project Plans to be developed and agreed by senior Commonwealth and New South Wales officials are expected to be flexible documents that may be varied over time to accommodate changed circumstances. However, variations to the Project Plans that directly affect payment milestones and their achievement are subject to written agreement between the Ministers.

PART 2 – PROJECT OUTPUTS

Outputs

9. The outputs of this Agreement, as described in the 2011 Regional Priority Round of the Health and Hospitals Fund project applications dated 17 October 2011, and in the Project Plans will be:
 - (a) redevelopment of the current Hillston Health Service facility, with a total gross construction floor area of approximately 1,876m², plus car parking, to support an integrated Multipurpose Service which will deliver:
 - i. 5 inpatient beds to be used flexibly to provide acute respite and palliative care services;
 - ii. 10 high care residential aged care beds that will also accommodate residents requiring low level dementia care;
 - iii. emergency treatment room that will provide 24 hour access to first aid and emergency care;
 - iv. consultation rooms for visiting specialists, GPs and allied health providers;
 - v. primary and community health services;
 - vi. staff accommodation; and
 - vii. car parking.

- (b) redevelopment of the current Peak Hill Health Service facility, with a total gross construction floor area of approximately 2,103m², plus car parking, to support an integrated Multipurpose Service which will deliver:
 - i. 10 high care residential aged care beds;
 - ii. 4 inpatient beds used flexibly to provide acute, sub acute, respite/palliative care;
 - iii. Rural Emergency Care Service with 2 treatment bays;
 - iv. consultation rooms for visiting specialists, GPs and allied health providers;
 - v. primary and community health services;
 - vi. capacity for a facility based self-care renal dialysis base;
 - vii. car parking; and
 - viii. refurbishment of existing staff accommodation.

PART 3 – ROLES AND RESPONSIBILITIES

Role of the Commonwealth

- 10. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against payment milestones in the delivery of the *Hillston Multipurpose Service Redevelopment* and the *Peak Hill Multipurpose Service Redevelopment* under this Agreement and in accordance with the project milestones specified in the Project Plans to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to New South Wales 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 National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry is a condition of Australian Government funding.

Role of New South Wales

- 11. New South Wales will be responsible for:
 - (a) providing a financial contribution of \$12 million to support the implementation of this Agreement;
 - (b) developing and providing to the Commonwealth Project Plans that would typically include details on scope, project schedule, budget, project stakeholders, governance arrangements, communication plan, high level design plans and a risk management plan;

- (c) all aspects of delivering on the project outputs set out in the Project Plans 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 National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry, is made a condition of tender for all contractors and subcontractors who tender for the work, and providing the necessary assurances to the Commonwealth.
12. New South Wales will also be responsible for ensuring that, for the purposes of the practical completion of a milestone, projects will:
- (a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that New South Wales 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 use for the designated use.

Shared roles

13. 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

14. The following table summarises the milestones for the projects, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made, once a report certifying that milestones have been met is received and accepted. Detailed project milestones are included in the Project Plans.

Table 1: Payment milestones, reporting and payment summary

Output	Milestones ^{1,2}	Date due	Relevant Report due	Payment
Hillston Multipurpose Service	Acceptance by the Commonwealth of the Project Plan	31 May 2013	31 May 2013	0.00
	Commence enabling works	20 Oct 2013	20 Oct 2013	1.0
	Contractor appointment	20 Jan 2014	20 Jan 2014	0.80
	Construction 25% by value	05 July 2014	05 July 2014	1.0
	Construction midpoint by value	20 Sep 2014	20 Sep 2014	1.5
	Construction completion	20 Jan 2015	20 Jan 15	1.0
	Project and acceptance by the Commonwealth of the final Project Report ³	Within 90 days of the practical completion of the final element of the project as specified in the Project Plan	30 May 2015	0.7
Peak Hill Multipurpose Service	Acceptance by the Commonwealth of the Project Plan	31 May 2013	31 May 2013	0.0
	Commence enabling works	20 Oct 2013	20 Oct 2013	1.0
	Contractor appointment	20 Jan 2014	20 Jan 2014	0.80
	Construction 25% by value	15 July 2014	15 July 2014	1.0
	Construction midpoint by value	20 Sep 2014	20 Sep 2014	1.5
	Construction completion	20 Jan 2015	20 Jan 15	1.0
	Project and acceptance by the Commonwealth of the final Project Report ³	Within 90 days of the practical completion of the final element of the project as specified in the Project Plan	30 May 2015	0.7

¹ Where payment milestones do not align with quarterly reports, the Commonwealth may request additional information from the State to demonstrate that the milestone has been satisfactorily met. ² The purchase of

equipment will require different milestones. ³ The final payment is subject to the Commonwealth's acceptance of the final report that demonstrates that all milestones have been met in accordance with the Project Plan and all reporting arrangements have been met.

Reporting arrangements

15. New South Wales will provide the Commonwealth with standard quarterly project status reports with reference to the project outputs (Part 2), milestones (Part 4, Table 1) and Project Plans, due by the 10th business day in January, April, July and October each year. Each performance report is to contain the following information:
 - (a) a description of actual performance of New South Wales in the period to date against the project milestones;
 - (b) details of any matter(s) that have arisen which could adversely impact on the delivery of the output, and how New South Wales propose to resolve this/these matter(s); and
 - (c) promotional activities undertaken in relation to, and media coverage of, the projects during the reporting period and any promotional opportunities expected to arise during the next reporting period.
16. These reports are required to be submitted via the Commonwealth Department of Health and Ageing's Health and Hospitals Fund Capital Projects Reporting Online system. All quarterly reports must be certified by an appropriate New South Wales delegate as being a true and accurate representation of the progress of the project for the relevant reporting period.
17. New South Wales will also prepare final Project Reports within 90 days of the date of practical completion of the final element of the projects as specified in the Project Plans. The final Project Reports will be stand-alone reports that can be used for public information and dissemination purposes. The final Project Reports will:
 - (a) describe the conduct, benefits and outcomes of the Project;
 - (b) evaluate the Project from the responsible Party's perspective, including assessing the extent to which the project milestones have been achieved and why any aspect was not achieved; and
 - (c) include a discussion of any other matters relating to the project, limited to the minimum necessary for the effective assessment of performance, which the Commonwealth notifies New South Wales should be included in the final project reports at least 60 days before it is due.
18. Quarterly project status reports will follow the template at Schedule A.

PART 5 – FINANCIAL ARRANGEMENTS

19. The Commonwealth will provide a total financial contribution to New South Wales of \$12 million in respect of this Agreement. All payments are GST exclusive.
20. The Commonwealth's funding contribution will not be reduced where New South Wales secures funding from other activity partners through innovative and collaborative partnerships.

21. The Commonwealth's and New South Wales' estimated financial contribution to the operation of this Agreement, including through National Partnership payments to New South Wales paid in accordance with *Schedule D — Payment Arrangements* of the Intergovernmental Agreement on Federal Financial Relations, are shown in Table 1.

Table 2: Estimated financial contributions

(\$ million)	2012-13	2013-14	2014-15	2015-16	Total
Estimated total budget	0.8	4.0	11.0	8.2	24.0
Hillston Multipurpose Service	0.0	1.8	4.2	0.0	6.0
Peak Hill Multipurpose Service	0.0	1.8	4.2	0.0	6.0
Total Estimated National Partnership Payments	0.0	3.6	8.4	0.0	12.0
Hillston Multipurpose Service	0.4	0.2	1.3	4.1	6.0
Peak Hill Multipurpose Service	0.4	0.2	1.3	4.1	6.0
Balance of non-Commonwealth contributions	0.8	0.4	2.6	8.2	12.0

22. Having regard to the agreed estimated costs of projects specified in this Agreement, New South Wales will not be required to pay a refund to the Commonwealth if the actual cost of the projects is less than the agreed estimated cost of the projects. 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

23. 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

24. The Agreement may be amended at any time by agreement in writing by the Parties.
25. A 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.

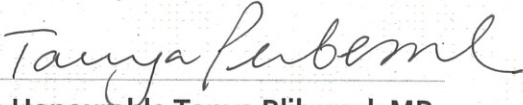
Dispute resolution

27. A Party may give notice to the other Party of a dispute under this Agreement.

28. Officials of each Party 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 and if necessary, the relevant COAG Council.
30. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to Commonwealth and New South Wales first 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 Tanya Plibersek MP

Minister for Health 29.7.13

[Day] [Month] [Year]

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



The Honourable Jillian Skinner MP

Minister for Health

[Day] [Month] [Year]

17.7.13

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 3 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

Financial

Original Project Cost: \$xx,000,000.00

Current Project Cost: \$xx,000,000.00

Forecast Final Cost: \$xxx,xxx,xxx.00

Actual Total Cost at Completion: \$0.00

Expenditure of Commonwealth funds

Budgeted to Date: \$xx,xxx,xxx.00

Actual to Date: \$xx,xxx,xxx.00

Actual to Date as a % of budgeted: xx.00%

Expenditure of co-contributor funds

Budgeted to Date: \$x,xxx,xxx.00

Actual of Date: \$x,xxx,xxx.00

Actual to Date as a % of budgeted: xx.00%

Milestones

Name	Completion Date		Completion Cost (\$)*						
	(%) Compl	Original	Current	Forecast	Actual	Original	Current	Forecast	Actual
Acceptance by the Commonwealth of the Project Plan*	-	xx/xx/2009	xx/xx/2009	-	-	xxx,000	xxx,000	-	-
Commence construction	-	xx/xx/20xx	xx/xx/20xx	-	-	xxx,000	xxx,000	-	-
Ground Floor complete	-	xx/xx/20xx	xx/xx/20xx	-	-	xxx,000	xxx,000	-	-
Base building complete	-	xx/xx/20xx	xx/xx/20xx	-	-	xxx,000	xxx,000	-	-
Fit out, finishes and fittings complete	-	xx/xx/20xx	xx/xx/20xx	-	-	xxx,000	xxx,000	-	-
Practical completion of the project and acceptance by the Commonwealth of the final project report									

* Note: This information is reported by non-government organisations in the Department of Health and Ageing's Health and Hospitals Capital Projects Reporting Online system. Completion of the shaded areas is optional for States and Territories.

Scope

Is the project scope still consistent with the agreed project scope?: Yes/No

Compliance

Is project compliant with all relevant Commonwealth, State and Local government legislation?: Yes/No

Is project compliant with all relevant building codes in your State or Territory?: Yes/No

Is project compliant with all relevant Commonwealth building codes?: Yes/No

Please confirm that your Construction/Procurement includes a requirement for the proponent to comply with any changes in Legislation which may be relevant to the Project: Yes/No

Please confirm that the Project complies with all Commonwealth, State, Territory and/or Local Authority statutory planning and zoning restrictions: Yes/No