

# PROJECT AGREEMENT FOR THE WESTERN AUSTRALIAN HOSPITAL INFRASTRUCTURE PACKAGE

An agreement between:

- the **Commonwealth of Australia**; and
- **Western Australia**.

The output of this project will be the expansion of the Joondalup Health Campus and Osborne Park Hospital, and refurbishment of the Royal Perth Hospital.

# Project Agreement for the Western Australian Hospital Infrastructure Package

## 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 expansion of the Joondalup Health Campus and the Osborne Park Hospital, and refurbishment of the Royal Perth Hospital, to improve access to public hospital services and patient care for people in Western Australia.

### Reporting Arrangements

3. Western Australia will report during the operation of this Agreement, as set out in Part 4 – Reporting.

### Financial Arrangements

4. The Commonwealth will provide a financial contribution to Western Australia of \$188.9 million (exclusive of GST) in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

## PART 1 – FORMALITIES

5. This Agreement constitutes the entire agreement for this project.

### Parties to this Agreement

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

### Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Western Australia sign it and will expire on 30 June 2022 or on completion of the project unless terminated earlier or extended as agreed in writing by the Parties.

## PART 2 – PROJECT OUTPUTS

### Outputs

8. The outputs of this Agreement will be:
- (a) expansion of the Joondalup Health Campus, the final scope of which will be detailed in a business case approved by the Western Australian Government and provided to the Commonwealth Health Minister for information;
  - (b) expansion of the Osborne Park Hospital, including:
    - i. upgrades to the neo-natal facility; and
    - ii. additional rehabilitation beds.
  - (c) refurbishments of the Royal Perth Hospital, including:
    - i. the mental health observation unit;
    - ii. general refurbishment works; and
    - iii. possible options for a medihotel.

## PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

### Role of the Commonwealth

9. The Commonwealth will be responsible for:
- (a) monitoring and assessing achievement in the delivery of the Western Australia hospital infrastructure package under this Agreement to ensure that outputs are delivered within the agreed timeframe;
  - (b) providing a financial contribution to Western Australia to support the implementation of this Agreement;
  - (c) in accordance with the *Building and Construction Industry (Improving Productivity) Act 2016*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2016 are only made where a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme is contracted; and
  - (d) ensuring that compliance with the Code for the Tendering and Performance of Building Work 2016 (Building Code 2016) is a condition of Australian Government funding.

### Role of Western Australia

10. Western Australia will be responsible for:
- (a) providing a contribution of \$10.6 million for the expansion of the Osborne Park Hospital and \$20.3 million for the refurbishment of the Royal Perth Hospital;
  - (b) all aspects of delivering on the outputs set out in this Agreement;
  - (c) reporting on the delivery of outputs as set out in Part 4 – Reporting;

- (d) ensuring that only a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth; and
  - (e) ensuring that compliance with the Building Code 2016 is made a condition of tender for and performance of building work by all contractors and subcontractors and providing the necessary assurances to the Commonwealth.
11. Western Australia will also be responsible for ensuring that, for the purposes of the practical completion, projects will:
- (a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that Western Australia 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

12. 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 – REPORTING

13. Western Australia will provide:
- (a) reports in accordance with Table 1 during the operation of the Agreement, and
  - (b) bi-annual project status reports in May and November each year via the Commonwealth Department of Health’s Capital Works Portal system in accordance with the template at Schedule A, until the completion of the projects.
14. The final report can be used for public information and dissemination purposes and will evaluate the projects from Western Australia’s perspective, including a description of the conduct, benefits and outcomes of the projects.

**Table 1: Reporting summary**

Outputs	Reporting	Report due
Expansion of the Joondalup Health Campus	Confirmation of: (a) estimated contributions to the Osborne Park Hospital and Royal Perth Hospital projects; (b) practical completion dates; (c) compliance with the Australian Government Building and Construction WHS Accreditation Scheme; and (d) compliance with the Building Code 2016.	Tender ready stage
Expansion of the Osborne Park Hospital		
Refurbishment of the Royal Perth Hospital		
	Provision of a final project report including confirmation of: (a) a brief description of the project; (b) actual contributions to the Osborne Park Hospital and Royal Perth Hospital projects; (c) project completion including a Certificate of Practical Completion; and (d) official opening dates.	Practical completion stage

## PART 5 – FINANCIAL ARRANGEMENTS

15. The Commonwealth will provide a total financial contribution to Western Australia of \$188.9 million in respect of this Agreement on signing of the Agreement by both Parties. All payments are GST exclusive.
16. Western Australia will provide a contribution of \$10.6 million for the expansion of the Osborne Park Hospital and \$20.3 million for the refurbishment of the Royal Perth Hospital.
17. The Commonwealth's funding contribution will not be reduced where Western Australia secures funding from other activity partners.
18. The Commonwealth's and Western Australia'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 2.

**Table 2: Estimated financial contributions**

(\$ million)	2017-18	Total
<b>Estimated total budget</b>	<b>219.8</b>	<b>219.8</b>
Less estimated National Partnership Payments	188.9	188.9
- Joondalup Health Campus	158.0	158.0
- Osborne Park Hospital	10.6	10.6
- Royal Perth Hospital	20.3	20.3
Balance of non-Commonwealth contributions <sup>(a)</sup>	30.9	30.9

<sup>(a)</sup> Balance of non-Commonwealth contributions will be allocated over the period of the Osborne Park Hospital and Royal Perth Hospital projects.

19. Having regard to the agreed estimated costs of projects specified in this Agreement, Western Australia 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, Western Australia 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 Western Australia to deliver projects cost effectively and efficiently.

## **PART 6 – GOVERNANCE ARRANGEMENTS**

### **Enforceability of the Agreement**

20. 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**

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

### **Delegations**

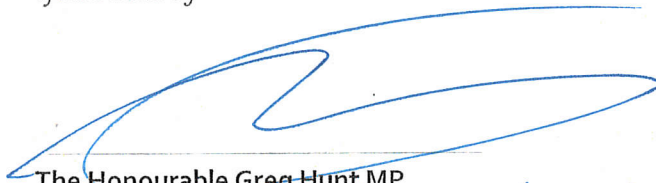
23. The Commonwealth Minister may delegate the assessment of performance and the authorisation of project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

### **Dispute resolution**

24. Either Party may give notice to other Party of a dispute under this Agreement.
25. Officials of both Parties will attempt to resolve any dispute in the first instance.
26. 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*

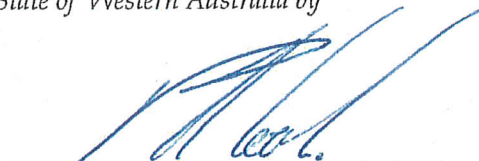


**The Honourable Greg Hunt MP**  
Minister for Health

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



**The Honourable Roger Cook MLA**  
Minister for Health

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