

PROJECT AGREEMENT FOR THE HEALTH AND HOSPITALS FUND – 2010 REGIONAL PRIORITY ROUND PROJECTS IN BEGA, PORT MACQUARIE AND TAMWORTH



An agreement between

- the Commonwealth of Australia and
- the State of New South Wales

The output of this project will be:

Bega Valley Health Service Development comprising a new integrated health care facility at Bega and a networked Community Health Centre at Pambula;
the redevelopment of the Port Macquarie Base Hospital to provide an appropriately configured contemporary healthcare facility; and
the Stage 2 redevelopment of the Tamworth Base Hospital.

Project Agreement for the Health and Hospitals Fund – 2010 Regional Priority Round Projects in Bega, Port Macquarie and Tamworth

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 New South Wales's 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 timing of payment of Commonwealth contributions is conditional on the achievement of outputs and milestones by New South Wales, which will be assessed by the Commonwealth through the provision of a Project Plan 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 – 2010 Regional Priority Round Projects in Bega, Port Macquarie and Tamworth as follows:
 - (a) The Bega Valley Health Service Development comprising a new integrated health care facility at Bega with flexibly built infrastructure to meet the hospital and community health care needs of the catchment to 2021 and beyond, and a networked Community Health Centre at Pambula servicing the people of the South Coast and Cooma-Monaro region;
 - (b) the redevelopment of the Port Macquarie Base Hospital to provide an expanded and appropriately configured contemporary healthcare facility suited to the current and future needs of the catchment; and
 - (c) the Stage 2 redevelopment of the Tamworth Base Hospital to provide purpose-built contemporary infrastructure for the delivery of more flexible and integrated models of acute inpatient and ambulatory care.

5. This Agreement constitutes the entire agreement for this 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 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 signs the Agreement and will expire on 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, is expected to be a flexible document that may be varied over time to accommodate changed circumstances. However, variations to the Project Plan that directly affect payment milestones and their achievement are subject to written agreement between the Ministers.

PART 2 – PROJECT OUTPUTS

Outputs

9. The output(s) of this Agreement, as described in the Regional Priority Round of the Health and Hospitals Fund project applications for the Bega Valley Health Service Development, the Port Macquarie Base Hospital Expansion and the Tamworth Base Hospital Redevelopment Stage 2, dated 2 December 2010, and in the Project Plan will be not less than:

(a) Bega Valley Health Service Development

The construction of a new integrated health care facility to replace the two existing hospitals (Bega and Pambula) on a new site, including;

- i. an increase in the number of beds to 136, comprising 122 overnight beds and 14 day only beds;
- ii. expanded ambulatory care capacity for adults and children;
- iii. an expanded emergency department, supporting new clinical redesign models of care;
- iv. expanded number of operating theatres and procedure rooms allowing for higher throughput of short stay and elective procedures supported by a contemporary perioperative suite;
- v. Expanded and new sub acute rehabilitation beds and therapy areas;
- vi. the retention of a Community Health Centre at Pambula;
- vii. a regional inpatient mental health service providing adult acute admission and rehabilitation services and specialist older people's mental health services to serve the South Coast and Cooma-Monaro areas; and

- viii. a range of clinical support services including medical imaging, pharmacy and pathology with the necessary communication, medical record, information technology/e-Health and Telehealth infrastructure.

(b) Port Macquarie Base Hospital Expansion

The expansion of the Port Macquarie Base Hospital to include:

- i. a new medical 30 bed inpatient unit;
- ii. an expanded, purpose-built "hot floor" Critical Care Unit for ICU, HDU and CCU beds;
- iii. an expanded emergency department supporting clinical redesign service models, with a dedicated entrance point;
- iv. a new and expanded operating theatre block incorporating day surgery/endoscopy suites, a cardiac catheterisation laboratory and space to expand to eight theatres when required in the future;
- v. a new paediatric inpatient Unit;
- vi. improvements to the Mental Health inpatient unit;
- vii. an additional 12 surgical beds, to be completed as a minor refurbishment;
- viii. a new and expanded peri-operative unit to support the operating theatre and day procedure capacity;
- ix. a new and expanded central sterilising and supply department;
- x. space to enable the relocation and expansion of the pre-admissions clinic, new clinical teaching and education spaces, and
- xi. expanded car parking.

(c) Tamworth Base Hospital Redevelopment Stage 2

The Stage 2 redevelopment of the Tamworth Base Hospital to include:

- i. Additional overnight bed capacity, increasing from 265 to 275 beds, incorporating an increase in special care cots from 7 to 12;
- ii. An increase in operating suites/procedure rooms from 4 to 6;
- iii. An increase in operating theatres recovery units from 8 to 12;
- iv. 6 new emergency department treatment bays, increasing the number to 26;
- v. A new emergency resuscitation treatment bay, increasing the total to 3;
- vi. A new labour birthing room, increasing the total to 4;
- vii. An increase in renal dialysis chairs from 10 to 17;
- viii. An increase in chemotherapy chairs from 8 to 14; and
- ix. Doubling the number of dental chairs from 4 to 8.

The scope of each project will be subject to further detailed review at each key documentation stage prior to construction.

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 Bega, Port Macquarie, and Tamworth projects 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 *Building and Construction Industry Improvement Act 2005*, ensuring that financial contributions to a building project or projects as defined under the Building and Construction 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 \$124 million to support the implementation of this Agreement;
 - (b) developing and providing to the Commonwealth a Project Plan 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 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 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 project, 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 Plan.

Table 1: Payment milestones, reporting and payment summary

Output	Milestone(s) ¹	Date due	Relevant Report due	Payment
Health and Hospitals Fund – 2010 Regional Priority Round Project- Bega Valley Health Service Development	Acceptance by the Commonwealth of the Project Plan	31 May 2012	31 May 2012	8.0
	Commence construction	20 May 2013	20 May 2013	16.0
	Construction 25%	20 Mar 2014	20 Mar 2014	32.0
	Construction midpoint	20 Nov 2014	20 Nov 14	64.0
	Certificate of Practical Completion Issued	20 Feb 2016	20 Feb 2016	32.0
	Certificate of Occupancy Issued and acceptance by the Commonwealth of the final Project Report ²	30 Apr 2016	N/A	8.1
Health and Hospitals Fund – 2010 Regional Priority Round Project- Port Macquarie Base Hospital Expansion	Acceptance by the Commonwealth of the Project Plan	31 May 2012	31 May 2012	4.8
	Commence construction	20 Nov 2012	20 Nov 2013	9.6
	Construction midpoint	20 Mar 2014	20 Mar 2014	57.6
	Certificate of Practical Completion Issued	20 May 2015	20 May 15	19.2
	Certificate of Occupancy Issued and acceptance by the Commonwealth of the final Project Report ²	30 Aug 2015	30 Aug 2015	4.8

Health and Hospitals Fund – 2010 Regional Priority Round Project- Tamworth Base Hospital Redevelopment Stage 2	Acceptance by the Commonwealth of the Project Plan	31 May 2012	31 May 2012	6.0
	Commence construction	20 May 2013	20 May 2013	12.0
	Construction 25%	20 Jan 2014	20 Jan 2014	24.0
	Construction midpoint	20 Sep 2014	20 Sep 2014	48.0
	Certificate of Practical Completion Issued	20 Feb 2016	20 Feb 2016	24.0
	Receipt of Certificate of Occupancy Issued and acceptance by the Commonwealth of the final Project Report ²	20 May 2016	20 May 2016	6.0

¹ Where payment milestones do not align with quarterly reports, the Commonwealth may request additional information from New South Wales to demonstrate that the milestone has been satisfactorily met. ² 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 Plan, 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 projects 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 a stand-alone report 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(s);
 - (b) evaluate the Project(s) 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 report 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 \$376.1 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)	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016 -	2017	Total
Total estimated budget	20.17	41.712	165.2	160.518	109.3	3.2		500.1
Bega Valley Health Service Development	4	6.776	56.424	83.254	13.841	5.705		170.1
Port Macquarie Base Hospital Expansion	6.17	10.612	44.214	49.004	0	0		110.0
Tamworth Base Hospital Redevelopment Stage 2	3.5	17.6	65.6	65.7	64.4	3.2		220.0
Total estimated National Partnership Payments	18.8	37.6	113.6	131.2	74.9	0		376.1
Bega Valley Health Service Development	8.0	16.0	32.0	64.0	40.1	0		160.1
Port Macquarie Base Hospital Expansion	4.8	9.6	57.6	19.2	4.8	0		96.0
Tamworth Base Hospital Redevelopment Stage 2	6.0	12.0	24.0	48.0	30.0	0		120.0
Total Balance of non-Commonwealth contributions	1.37	4.112	51.6	29.318	34.4	3.2		124.0
Bega Valley Health Service Development	0	0	10	0	0	0		10.0
Port Macquarie Base Hospital Expansion	1.37	1.012	0	11.618	0	0		14.0
Tamworth Base Hospital Redevelopment Stage 2	0	3.1	41.6	17.7	34.4	3.2		100.0

22. Having regard to the agreed estimated costs of projects specified in a Project Agreement, New South Wales 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, 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 all the Parties.
25. Bilateral schedules to this Agreement that have no impact on other Parties may be amended at any time by agreement in writing by the relevant Commonwealth and New South Wales portfolio ministers.

26. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties 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. Any Party may give notice to other Parties of a dispute under this Agreement.
29. Officials of relevant 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 and if necessary, the relevant COAG Council.
31. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to COAG for consideration.

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

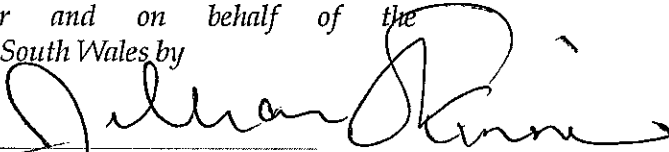
Signed for and on behalf of the Commonwealth
of Australia by



The Honourable Tanya Plibersek MP
Minister for Health

20 May 2012

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



The Honourable Jillian Skinner MP
Minister for Health

15 May 2012

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/20x	-	-	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	-	xx/xx/20xx	xx/xx/20xx	-	-	xxx,000	xxx,000	-	-

* 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