

PROJECT AGREEMENT FOR HEALTH AND HOSPITALS FUND – 2011 REGIONAL PRIORITY ROUND PROJECTS IN LISMORE AND KEMPSEY

An agreement between

- the Commonwealth of Australia and
- New South Wales

The outputs of these projects will be the redevelopment of the Lismore Base Hospital and Kempsey District Hospital to provide contemporary health care facilities suited to their catchment populations.

Project Agreement for Health and Hospitals Fund – 2011 Regional Priority Round Projects in Lismore and Kempsey

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. This Agreement replaces the previous *Project Agreement for Health and Hospitals Fund – 2010 Regional Priority Round for the Lismore Base Hospital Redevelopment Stage 3a and Kempsey District Hospital Redevelopment Stage 1* projects dated 29 July 2013.
4. 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 Project Plans by New South Wales and standard bi-annual project status reports as outlined in Part 4.
5. This Agreement will support the delivery of the Health and Hospitals Fund – 2011 Regional Priority Round Projects in Lismore and Kempsey to support contemporary models of care and enhance access to high quality, comprehensive, integrated and co-ordinated health services as follows:
 - (a) redevelopment of the Lismore Base Hospital (Stage 3a); and
 - (b) redevelopment of the Kempsey District Hospital (Stage 1).
6. This Agreement constitutes the entire agreement for this project.

PART 1 – FORMALITIES

Parties to this Agreement

7. 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

8. This Agreement will commence as soon as the Commonwealth and New South Wales sign the Agreement and will expire on 30 June 2017 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.
9. The Project Plans (Clauses 14-16) 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

10. The outputs of this Agreement, as described in the Regional Priority Round of the Health and Hospitals Fund project applications dated 17 October 2011 and supplementary information provided on 24 November 2012, 10 January 2013, 13 February 2013 and 8 March 2013, and in the Project Plans will be:
 - (a) the Lismore Base Hospital Redevelopment Stage 3a with a total gross construction floor area of approximately 11,250m², plus car parking, to support a contemporary, integrated health care facility which will deliver:
 - i) a new and expanded Emergency Department (31 treatment spaces);
 - ii) an Emergency Medical Unit (12 treatment spaces);
 - iii) an Express Community Care Clinic / Fast Track (6 treatment spaces);
 - iv) a new ambulance dropoff and bay;
 - v) a new Renal Dialysis Unit (18 treatment spaces);
 - vi) future expansion space for the next phase of the redevelopment (i.e., future peri-operative suite);
 - vii) a Pathology Unit;
 - viii) a Mortuary;
 - ix) a Satellite Imaging Department; and
 - x) car parking.

(b) the Kempsey District Hospital Redevelopment Stage 1 with a total gross construction floor area of approximately 12,096m², plus car parking, to support a contemporary integrated health care facility which will deliver:

- i) a new acute inpatient unit (24 beds operational initially and shell space capacity for a further 16 beds);
- ii) a new and expanded emergency department (18 spaces);
- iii) a new Emergency Medical Unit (6 beds with 4 beds initially commissioned);
- iv) a culturally appropriate Integrated Community Care Centre (2 fast track bays, ambulatory care zone with 4 spaces for medical day procedures, and Hospital in the Home);
- v) a new Medical Imaging Department;
- vi) an expanded and relocated High Dependency / Coronary Care Unit (8 beds);
- vii) a new and expanded Peri-Operative Service (including 2 operating theatres and 1 shell theatre);
- viii) a major expansion of Renal Dialysis Services including a new Renal Dialysis Unit (10 spaces and a 2-space renal training unit);
- ix) a new Medical Day Stay Service;
- x) Primary and Community health services (including oral health); and
- xi) car parking.

PART 3 – ROLES AND RESPONSIBILITIES

Role of the Commonwealth

11. The Commonwealth will be responsible for:

- (a) monitoring and assessing achievement against payment milestones in the delivery of the *Lismore Base Hospital Redevelopment* and the *Kempsey District Hospital 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

12. New South Wales will be responsible for:
 - (a) providing a financial contribution of \$60 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 – Payment 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.
13. 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.

Project Plans

14. Project Plans need to be agreed by Senior Commonwealth and New South Wales officials.
15. Project Plans would typically include details in scope, project schedule, budget, project stakeholders, governance arrangements, communication plans, high level design plans and a risk management plan.
16. 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 milestone and their achievement are subject to written agreement between the Ministers.

Shared roles

17. 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

18. 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	Date due	Relevant Report due	Payment
Lismore Base Hospital Redevelopment Stage 3a	Acceptance by the Commonwealth of the Project Plan	30 May 2013	30 May 2013	0
	Commence enabling works	31 July 2013	31 July 2013	0
	Appoint main works contractor	15 April 2014	15 April 2014	4.0
	Construction 25% by value	10 October 2014	10 October 2014	17.1
	Construction 40%	31 May 2015	31 May 2015	39.15
	Construction completion ²	20 October 2016	20 October 2016	0
	Acceptance by the Commonwealth of the final Project Report	Within 90 days of the practical completion of the final element of the project as specified in the Project Plan		

Kempsey District Hospital Redevelopment Stage 1	Acceptance by the Commonwealth of the Project Plan	30 May 2013	30 May 2013	0
	Commence enabling works	15 August 2013	15 August 2013	1.5
	Appoint main works contractor	15 November 2013	15 November 2013	1.5
	Construction 25% by value	15 July 2014	15 July 2014	10.0
	Construction midpoint by value	20 January 2015	20 January 2015	17.0
	Construction 60%	31 May 2015	31 May 2015	10.0
	Construction completion	31 March 2016	31 March 2016	0
	Acceptance by the Commonwealth of the final Project Report	Within 90 days of the practical completion of the final element of the project as specified in the Project Plan ³	15 June 2016	0

³ Where payment milestones do not align with bi-annual reports, the Commonwealth may request additional information from the State to demonstrate that the milestone has been satisfactorily met. ² The NSW Ministry of Health has advised the final Project Report for Kempsey will not require 90 days for completion and as such has nominated a submission date in this Project Agreement.

Reporting arrangements

19. New South Wales will provide the Commonwealth with standard bi-annual Project Status Reports, in accordance with the template at Schedule A of this Agreement. These Reports are due in May and November. The Commonwealth will make payments subject to the performance report demonstrating the relevant milestones have been met in accordance with the Performance requirements for each project.
20. These reports are required to be submitted via the Commonwealth Department of Health's Health and Hospitals Fund Capital Projects Reporting Online system. All bi-annual 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.
21. 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 New South Wales' 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.

22. Bi-annual project status reports will follow the template at Schedule A.

PART 5 – FINANCIAL ARRANGEMENTS

23. The Commonwealth will provide a total financial contribution to New South Wales of \$100.25 million in respect of this Agreement. All payments are GST exclusive.
24. The Commonwealth’s funding contribution will not be reduced where New South Wales secures funding from other activity partners through innovative and collaborative partnerships.
25. The Commonwealth’s and New South Wales’ estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the States 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	2016-17	Total
Estimated total budget	7.0	17.0	107.75	23.8	4.7	160.25
Lismore Base Hospital Redevelopment	0.0	4.0	56.25	0	0	60.25
Kempsey District Hospital Redevelopment	0.0	3.0	37.0	0	0.0	40.0
Total estimated National Partnership Payments	0.0	7.0	93.25	0	0	100.25
Lismore Base Hospital Redevelopment Stage 3a	4.0	4.0	7.0	0.3	4.7	20.0
Kempsey District Hospital Redevelopment Stage 1	3.0	6.0	7.5	23.5	0.0	40.0
Balance of non-Commonwealth contributions	7.0	10.0	14.5	23.8	4.7	60.0

26. 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 project 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

27. 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

28. The Agreement may be amended at any time by agreement in writing by the Parties.

29. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying the other Party in writing.

Delegations

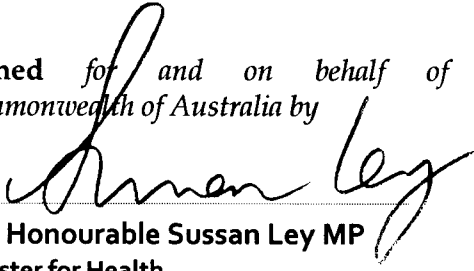
30. The Commonwealth Minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

31. A Party may give notice to the other Party of a dispute under this Agreement.
32. Officials of each Party will attempt to resolve any dispute in the first instance.
33. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant COAG Council.
34. 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:

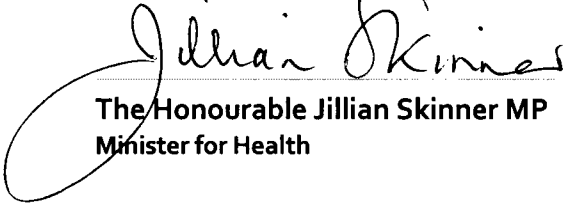
Signed for and on behalf of the
Commonwealth of Australia by



The Honourable Sussan Ley MP
Minister for Health
Minister for Sport

21 / 5 / 2015

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



The Honourable Jillian Skinner MP
Minister for Health

4 . 6 . 2015

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
Submission to the Commonwealth of the Project Plan					
Practical completion of the project and Final bi-annual Report					

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