

PROJECT AGREEMENT FOR HEALTH AND HOSPITALS FUND – 2010 REGIONAL PRIORITY ROUND HEALTH SERVICE REDEVELOPMENT PROJECTS IN MOUNT GAMBIER AND PORT LINCOLN

Council of
Australian
Governments

An agreement between

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

The output of this project will be the redevelopment of the health service facilities in Mount Gambier and Port Lincoln.

Project Agreement for Health and Hospitals Fund – 2010 Regional Priority Round Health Service Redevelopment Projects in Mount Gambier and Port Lincoln

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 Projects through the redevelopment of the Mount Gambier and Port Lincoln Health Service into the core country health service for the South East and Eyre Peninsula of South Australia.
4. This Project Agreement replaces the previous *Project Agreement for Health Service Redevelopment Projects in Mount Gambier and Port Lincoln* dated 31 March 2014.
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 State of South Australia (South Australia) as represented by the State Minister with portfolio responsibility for health.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and South Australia sign the Agreement and will expire on 30 June 2015, or on completion of the project as outlined in the Project Plan, 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.

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 applications dated 30 November 2010, and in the Project Plan will be:
 - (a) Mount Gambier Health Service Redevelopment

The expansion and refurbishment of existing facilities, specifically:

 - i. construction of new extension and refurbishment of existing facilities to expand acute care services including mental health, palliative care, rehabilitation, geriatric evaluation and management, general medical services, essential compliance and upgrading of site infrastructure;
 - ii. expansion of the accident and emergency department;
 - iii. expansion of the specialist consulting, doctors' offices and medical records department;
 - iv. new community health offices;
 - v. relocation of the day centre; and
 - vi. expansion of the dental clinic from 6 to 10 chairs.
 - (b) Port Lincoln Health Service Redevelopment

The construction of new elements and refurbishment of the facility, specifically:

 - i. two operating theatres and day procedure unit through a mix of new construction and refurbishment;
 - ii. redevelopment of the acute care facility to include mental health, palliative care, rehabilitation, Geriatric Evaluation Management and general medical services (20 single rooms with en-suites); and
 - iii. an integrated Primary Health Care facility co-located on site with the acute care facility and incorporating community and allied health services, a public dental clinic (an increase from four to seven dental chairs) and a 30 bay car park.

PART 3 – ROLES AND RESPONSIBILITIES

Role of the Commonwealth

9. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against payment milestones in the delivery of the Health and Hospitals Fund – 2010 Regional Priority Round Projects to redevelop the health services in Mount Gambier and Port Lincoln 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 South Australia 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 South Australia

- 10. South Australia will be responsible for:
 - (a) 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;
 - (b) all aspects of delivering on the project outputs set out in the Project Plan and in this Agreement; and
 - (c) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.
- 11. South Australia 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 South 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.

Project Plans

- 12. Project Plans need to be agreed by senior Commonwealth and South Australian 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 by senior Commonwealth and South Australian 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 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)	Date due	Relevant Report due	Payment
Redevelopment of Health Service in Mount Gambier (consistent with the requirements specified at clause 8).	Acceptance by the Commonwealth of the Project Plan	May 2012	May 2012	\$5.3m*
	Commence construction	August 2012	October 2012	\$5.3m*
	Construction of doctors' offices, community health offices and medical records department complete Relocation of the day centre complete	May 2014	May 2014	\$4.0m
	Expansion of the dental clinic from 6 to 10 chairs complete Construction of specialist consulting suite complete Construction of new wards (palliative, rehabilitation and mental health) complete	September 2014	November 2014	\$7.0m
	Extension and refurbishment of accident and emergency department complete	October 2014	November 2014	\$3.0m
	Practical completion of the project and acceptance by the Commonwealth of the final bi -annual Report	December 2014 Within 90 days of the practical completion of the final element of the project as specified in the Project Plan	May 2015	\$2.1m

Output	Milestone(s)	Date due	Relevant Report due	Payment
Redevelopment of Health Service in Port Lincoln Redevelopment of Health Service in Port Lincoln (consistent with the requirements specified at clause 8).	Acceptance by the Commonwealth of the Project Plan	May 2012	May 2012	\$7.8m*
	Commence construction	April 2013	May 2013	\$7.8m*
	Ground floor and first floor structure of primary health care facility and acute care facility complete	March 2014	May 2014	\$7.8m
	Fitout, finishes and fittings of primary health care facility and acute care facility complete	March 2014	May 2014	\$2.0m
	Theatres complete, including fit out, finishes and fittings	March 2014	May 2014	\$4.0m
	Day procedure unit complete, including fit out, finishes and fittings	September 2014	November 2014	\$5.0m
	Practical completion of the project and acceptance by the Commonwealth of the final bi- annual Report	December 2014 Within 90 days of the practical completion of the final element of the project as specified in the Project Plan	May 2015	\$4.8m

. * Funds already paid to South Australia

Reporting arrangements

17. South Australia will submit bi-annual Project Status Reports, in accordance with the template at Schedule A. These reports are due in May and November each year. The Commonwealth will make payments subject to the Project Status Report, or other form of 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 South Australian 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 in Table 1 will be a report that can be used for public information and dissemination purposes and will evaluate the Project from South Australia’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 South Australia of \$65.9m in respect of this Agreement. All payments are GST exclusive.
21. The Commonwealth’s funding contribution will not be reduced where South Australia secure funding from other activity partners through innovative and collaborative partnerships.
22. The Commonwealth’s estimated financial contribution to the operation of this Agreement, including through National Partnership payments to South Australia 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

	2011-12	2012-13	2013-14	2014-15	Total
Estimated total budget	13.1	13.1	17.8	21.9	65.9
Mount Gambier Health Service Redevelopment	5.3	5.3	4.0	12.1	26.7
Port Lincoln Health Service Redevelopment	7.8	7.8	13.8	9.8	39.2
Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0

23. Having regard to the agreed estimated costs of projects specified in a Project Agreement, South 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, South 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 South Australia to deliver projects 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 both Parties.
26. Either Party to the Agreement may terminate their participation in the Agreement at any time by notifying all 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 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.

Intergovernmental Agreement on Federal Financial Relations

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

*Signed for and on behalf of the Commonwealth
of Australia by*



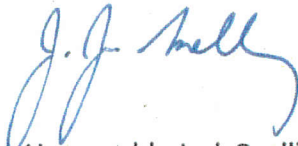
The Honourable Peter Dutton MP

Minister for Health

Minister for Sport

3 June 2014

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



The Honourable Jack Snelling MP

Minister for Health

Minister for Mental Health and Substance Abuse

Minister for Arts

Minister for Defence Industries

Minister for Health Industries

22. v. 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
Commence construction					
Ground Floor complete					
Base building complete					
Fit out, finishes and fittings complete					
Practical completion of the project and a Final Report					