

# PROJECT AGREEMENT FOR THE EAST GRAMPIANS HEALTH SERVICE DIALYSIS UNIT UPGRADE

Council of  
Australian  
Governments

An agreement between

- the Commonwealth of Australia and
- the State of Victoria

The output of this project will be the relocation and expansion of the renal dialysis unit at the East Grampians Health Service.

# Project Agreement for the East Grampians Health Service Dialysis Unit Upgrade

## 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 the State, which will be assessed by the Commonwealth through the provision of a Project Plan by the State and standard quarterly project status reports as outlined in Part 4.
4. This Agreement will support the relocation and expansion of the Renal Dialysis Unit at the East Grampians Health Service, resulting in the delivery of enhanced renal dialysis services in the Wimmera and Central Grampians Region of Victoria, as described in the Health and Hospitals Fund 2010 Regional Priority Round application dated 1 December 2010.
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 the State of Victoria (Victoria) as represented by the respective State Minister with portfolio responsibility for health.

#### Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and Victoria sign the Agreement and will expire 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.

8. The Project Plan to be developed and agreed by senior Commonwealth and Victorian 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 OUTPUT(S)**

### **Output(s)**

9. The output of this Agreement, as described in the Regional Priority Round of the Health and Hospitals Fund project application dated 30 November 2010, and in the Project Plan, will be the relocation and expansion of the Renal Dialysis Unit within the East Grampians Health Service building in Ararat, encompassing:
  - increasing the number of dialysis facilities from four dispersed to six co-located chairs;
  - enhancing personal and unit storage capacity to clear emergency access and remove OH&S risks; and
  - replacing current dialysis water treatment technology with a central water plant

## **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 East Grampians Health Service Dialysis Unit Upgrade 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; and
  - (b) providing a consequent financial contribution to the States to support the implementation of this Agreement.

### **Role of the State**

11. Victoria will be responsible for:
  - (a) providing a financial contribution of \$0.050 million, and an in-kind contribution with an estimated value of \$0.120 million, to support the implementation of this Agreement (the in-kind contribution will be in the form of dialysis equipment from North West Dialysis);
  - (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; and
  - (d) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.
12. Victoria 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 the State 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) <sup>1,2</sup>	Date due	Relevant Report due	Payment
The relocation and expansion of the renal dialysis unit within the East Grampians Health Service building in Ararat (consistent with the requirements specified at clause 9).	Acceptance by the Commonwealth of the Project Plan	Nov 2012		\$0.165m
	Complete Construction Documentation	Feb 2012	10 Dec 2012	\$0.100m
	Commence construction	April 2012	10 Dec 2012	\$0.323m
	Stage 1 - Completion of relocation of physiotherapy and chemotherapy	February 2013	10 Mar 2013	\$0.3m
	Completion of Stage 2 Dialysis upgrade and Practical completion of the project <sup>3</sup>	June 2013	10 Sept 2013	\$0.2m

<sup>1</sup> 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.

<sup>2</sup> The purchase of equipment will require different milestones.

<sup>3</sup> 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. The State 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 10<sup>th</sup> business day in March, June, September and December each year. Each performance report is to contain the following information:
  - (a) a description of actual performance of the States 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 the States propose to resolve this/these matter(s); and
  - (c) promotional activities undertaken in relation to, and media coverage of, the project 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 Victorian delegate as being a true and accurate representation of the progress of the project for the relevant reporting period.
17. The States will also prepare a final Project Report within 90 days of the date of practical completion of the final element of the project as specified in the Project Plan. The final Project

Report will be a stand-alone report that can be used for public information and dissemination purposes. The final Project Report 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 the States 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 Victoria of \$1.088 million in respect of this Agreement. All payments are GST exclusive.
- 20. The Commonwealth's funding contribution will not be reduced where Victoria secures funding from other activity partners through innovative and collaborative partnerships.
- 21. The Commonwealth's and Victoria's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to Victoria 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**

(\$ million)	2012-13	2013-14	Total
<b>Estimated total budget</b>	<b>0.888</b>	<b>0.370</b>	<b>1.258</b>
Less estimated Commonwealth HHF payments	0.888	0.200	1.088
Balance of non-Commonwealth contributions	0.000	0.170	0.170

(a) Notes: Includes direct contribution from East Grampians Health Service of \$50,000 and an in-kind contribution from North West Dialysis of \$120,000.

- 22. Having regard to the agreed estimated costs of projects specified in a Project Agreement, Victoria 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, Victoria 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 Victoria 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. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties 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.

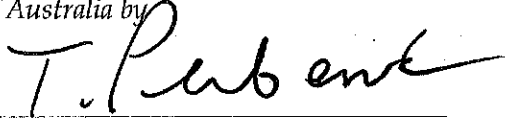
### **Dispute resolution**

27. Any Party may give notice to other Parties of a dispute under this Agreement.
28. Officials of relevant Parties 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 COAG for consideration.

Intergovernmental Agreement on Federal Financial Relations

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

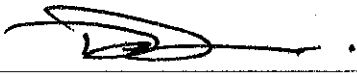
Signed for and on behalf of the Commonwealth  
of Australia by



**The Honourable Tanya Plibersek MP**  
Minister for Health

17 / 2 / 2013

Signed for and on behalf of the  
State of Victoria by



**The Honourable David Davis MP**  
Minister for Health

7 / 2 / 2013



**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\***

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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/20xx	xx/xx/20xx	-	-	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	-	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

