

PROJECT AGREEMENT FOR THE COMMUNITY HEALTH AND HOSPITALS PROGRAM TASMANIAN 2019-20 AND 2020-21 INITIATIVES

An agreement between:

the Commonwealth of Australia; and
the State of Tasmania.

Project Agreement for the Community Health and Hospitals Program Tasmanian 2019-20 and 2020-21 Initiatives

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 delivery of the Tasmanian Government's Initiatives under the Community Health and Hospitals Program.

Reporting Arrangements

3. The Tasmania Government will report against the agreed milestones during the operation of this Agreement, as set out in Part 4 – Project Milestones, Reporting and Payments.

Financial Arrangements

4. The Commonwealth will provide an estimated total financial contribution to Tasmania of \$34.9 million, exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.
5. There is an additional \$26.0 million which the Commonwealth will provide to Tasmania for future Community Health and Hospitals Program and election commitment projects from 2021-22.

PART 1 – FORMALITIES

6. This Agreement constitutes the entire agreement for the outputs listed at clause 9.

Parties to this Agreement

7. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the State of Tasmania.

Term of the Agreement

8. This Agreement will commence as soon as the Commonwealth and Tasmania sign it and will expire on 30 June 2022 or on completion of the outputs, including 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 OUTPUT(S)

Output(s)

9. The outputs of this Agreement will be:
 - (a) Additional elective surgery and endoscopy procedures in Tasmania from 2019-20 onwards.
 - (b) Delivery of diagnostic mammography services in Launceston and Hobart.
 - (c) Improved access to health services for people who live in regional, rural and remote areas of North and North West Tasmania.
 - (d) Improvements to the birthing suite at the Launceston General Hospital.
 - (e) Perinatal and infant mental health services in the North and North West.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

10. The Commonwealth will be responsible for:
 - (a) monitoring and assessing achievement against milestones in the delivery of Tasmania's initiatives under this Agreement to ensure that outputs are delivered within the agreed timeframe;
 - (b) providing a consequent financial contribution to Tasmania to support the implementation of this Agreement;
 - (c) ensuring construction output, Item 9(d) is:
 - I. compliant 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 Work Health and Safety (WHS) Accreditation Scheme is contracted; and
 - II. compliant with the Code for the Tendering and Performance of Building Work 2016 (Building Code 2016) which is a condition of Australian Government funding.

Role of Tasmania

11. Tasmania will be responsible for:
 - (a) all aspects of delivering on all project outputs as set out in this Agreement; and

- (b) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments.
12. For construction output, Item 9(d), Tasmania will be responsible for ensuring that, for the purposes of practical completion, construction outputs will:
- (a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that Tasmania 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;
 - (c) be fit for the designated use;
 - (d) be contracted to only a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme, and provide the necessary assurances to the Commonwealth; and
 - (e) have as condition of tender for, and performance of building work by, all contractors and subcontractors, compliance with the Building Code 2016, , and provide the necessary assurances to the Commonwealth.

Shared roles

- 13. 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.
- 14. The Commonwealth and Tasmania agree that the services delivered and reported for the additional elective surgery and endoscopy procedures (Output 9(a)) are to be excluded from the calculation of the Commonwealth's contribution to Tasmanian public hospital services funded on an activity basis under the National Health Reform Agreement.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

- 15. Table 1 summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made. The Commonwealth will make payments subject to the annual performance report demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary*

Outputs	Performance milestones	Report due	Payment
Additional elective surgery and endoscopy procedures in Tasmania from 2019-20 onwards	On signing the initial Project Agreement	*2018-19	NIL
	On execution of this new Project Agreement	On execution	\$15 m (2019-20)
Delivery of diagnostic mammography services in Launceston and Hobart.	On execution of this new Project Agreement	On execution	\$3 m (2019-20)
Improved access to health services in regional, rural and remote areas of north and north west Tasmania	On execution of this new Project Agreement	On execution	\$4 m (2019-20)
	Provision of a plan to improve access to health services through in regional, rural and remote areas of north and north west Tasmania.	2 November 2020	\$4 m
	Provision of a status report on progress.	6 July 2021	\$4 m
Improvements to the birthing suite at the Launceston General Hospital	On execution of this new Project Agreement	On execution	\$0.4 m (2019-20)
Perinatal and infant mental health services in the North and North West	On execution of this new Project Agreement	On execution	\$1.5 m (2020-21)
	Provision of a plan for delivery of perinatal and infant mental health services in the North and North West	6 July 2021	\$3.0m

*A separate Project Agreement for the Community Health and Hospitals Program - Tasmania's 2018-19 initiatives provided \$5 million towards additional elective surgery and \$4.4 million for the linear accelerator at the North West Regional Hospital

16. If a milestone is met in advance of the due date, where the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated payment earlier than scheduled provided it falls within the same financial year as the original milestone date.

Reporting arrangements

17. Tasmania will provide annual progress reports within three months of the end of each financial year, unless otherwise specified, unless otherwise specified in Table 1, during the operation of the Agreement for each output. Each progress report is to contain a description and photographs (for capital outputs) of the actual progress in the period to date against the project milestones via the Commonwealth Department of Health's Capital Works Portal system in accordance with the template at Schedule A for capital outputs, and Schedule B for service delivery outputs, until the completion of the project.
18. Tasmania will provide a final report for each output including a brief description of the output. This will include a description of the process to date, benefits and outcomes of the output. For capital projects, this will also include where applicable information on official opening dates, and a Certificate of Practical Completion, which can be used for public information and dissemination purposes.

19. **Additional elective surgery and endoscopy procedures.** For Output 9(a), Tasmania will provide annual progress reports consistent with the key performance indicators reported in the Tasmanian Health Service 2019-20 Service Plan.
20. **Linear accelerator at the North West Regional Hospital.** When the linear accelerator is installed and operational, Tasmania will provide a status report to the Commonwealth detailing the process and outcomes of this output.

PART 5 – FINANCIAL ARRANGEMENTS

21. The Commonwealth will provide an estimated total financial contribution to Tasmania of \$34.9 million in respect of this Agreement. All payments are GST exclusive.
22. The Commonwealth's funding contribution will not be reduced where Tasmania secures funding from other activity partners.
23. The Commonwealth's and Tasmania's estimated financial contributions to the operation of this Agreement, including through National Partnership payments to Tasmania paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

Table 2: Estimated financial contributions

(\$ million)	19-20	20-21	21-22	Total
Estimated total budget	22.4	5.5	7.0	34.9
Less estimated National Partnership Payments	22.4	5.5	7.0	34.9

24. Having regard to the agreed estimated costs of outputs specified in this Agreement, Tasmania will not be required to pay a refund to the Commonwealth if the actual cost of an output is less than the agreed estimated cost of that output. Similarly, Tasmania bears all risk should the costs of an output exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for Tasmania to deliver outputs cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

25. 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

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

Delegations

28. 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

29. Either Party may give notice of a dispute to the other Party under this Agreement.
30. Officials of both Parties will attempt to resolve any dispute in the first instance.
31. 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

Date

25-5-2020

Signed for and on behalf of the State of Tasmania by

The Honourable Sarah Courtney MP
Minister for Health

Date

25/6/2020