

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2011-2012, 19 October 2011

Question: E11-204

OUTCOME 10: Health System Capacity and Quality

Topic: HEALTH AND HOSPITALS FUND

Written Question on Notice

Senator Adams asked:

The guidelines for the current HHF funding round contain a number of criteria: Criterion 2a requires applicants to demonstrate how the benefits of their projects will be measured.

- a) How will the Department evaluate this? Will the Department monitor this throughout the contract (and in the future)? Will the Department collect any information in relation to criterion 2a? If so, will this be published?

Criterion 3 requires that applicants submit a financial plan. During the contract period, will the Department monitor expenditure of the project against what was provided in the financial plan? If so, what actions will the Department take if proposed expenditure does not reflect what was in the financial plan?

Criterion 5 (d) requires that applicants submit an implementation plan.

- b) To what extent will this form the basis for contract negotiations and the development of key milestones? Will it be used as part of the overall performance management of the contract? What data will the Department collect to measure performance against the implementation plan? Will this be made publicly available?

Section 4.2.2 of the Guidelines note the funding agreement will require the funding recipient to use the project consistently with HHF investment objectives for a 20 year period.

- c) How will the Department monitor over 20 years?
- d) How is this being monitored currently?
- e) Will the same type and frequency of monitoring be applied to all successful applications, including the Port Macquarie Base Hospital Redevelopment (\$96m); the Royal Hobart Hospital redevelopment (\$260m); and the Tamworth Redevelopment Stage 2 (\$120m)?

Answer:

- a) The Department does not evaluate applications. It prepares a summary and brief analysis to assist the Health and Hospitals Fund Advisory Board in its assessment. Under the standard funding agreement, recipients are required to report to the Department any changes to the scope of the project that may, or will, change the agreed outcomes and/or benefits of the project. Funding recipients are also required to report against the financial plan and budget agreed to in the funding agreement. Where variations to budget items are identified, the Department will in the first instance, work with the recipient to implement mitigation strategies to absorb or correct the variation. Due to the legislative framework surrounding the Health and Hospitals Fund, further funding is not accessible for the Department to provide to recipients where a shortfall is identified. All reporting is conducted through the Department's Online Capital Works Reporting Portal.
- b) The applicant's implementation and project plan are the basis for negotiations and the agreement of milestones for the funding agreement. The funding recipient is then required to report against the agreed milestones on a monthly (Non Government Organisations) or quarterly (States and Territory Governments) basis to confirm whether the project is on or behind schedule and, if required, what mitigation strategies are being put in place to rectify delays. The reports are submitted through the Department's Online Capital Works Reporting Portal. The projects are classified as Grant-In-Confidence and therefore reports are not publicly available.
- c) Answered at Senate Estimates page 124 Hansard:
Ms Hancock: Once the project goes into what is called the designated use period, which is after the construction is complete, the standard project agreement requires an annual report from the funding recipient which certifies that the construction is being used for its required use.
- d) As at 24 November 2011, there are 23 projects that have been completed and are currently in their designated use period. Departmental project officers are responsible for obtaining annual reports from the projects to confirm the project is operating consistently with HHF objectives. As new projects are completed and enter the designated use period, they will be required to report annually through the Department's Online Capital Works Reporting Portal certifying that they are operating within HHF objectives.
- e) All projects are required to report for the duration of the agreed designated use period as defined and agreed in the project funding agreement. Projects may have differing designated use periods depending on the complexity, purpose and operational life of the project. This is agreed during funding agreement negotiations.