

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Supplementary Budget Estimates 2015 - 2016, 21 October 2015

Ref No: SQ15-000877

OUTCOME: 4 - Acute Care

Topic: Palmerston Hospital

Type of Question: Written Question on Notice

Senator: McLucas, Jan

Question:

- a) Please detail what evidence was provided by the Northern Territory Government to satisfy the Department that the 'commence construction' milestone was met such that a \$35 million payment was made
- b) What action is the Department taking, as part of an investigation or otherwise, into reports of a concrete pour that do not represent meaningful construction at the site
- c) Will the Department seek to recoup any money as part of this project if the concrete pour is found not to represent meaningful construction as part of the project plans
- d) When did the Department first sight detailed construction plans for the Palmerston Hospital project?
- e) Could the Department detail the construction milestones for the Palmerston Hospital, and what will constitute the next milestone the completion of the base of the building?

Answer:

- a) To demonstrate achievement of the 'commence construction' milestone, the Northern Territory Government submitted:
 - i) the formal notice of acceptance of the Lend Lease tender as the managing contractor for the project (dated 22 July 2015);
 - ii) early design documentation including site plans;
 - iii) a draft Gantt chart, providing detail about the project schedule;
 - iv) photographs showing work underway on the site;
 - v) room data sheets including room specifications, fittings and furniture and services (over 900 pages);
 - vi) an update on the project – including advice that Lend Lease will formally occupy the site in late September after the site subdivision is finalised and that Lend Lease had temporary access to the site; and
 - vii) confirmation that Lend Lease had joined the design team at the August User Group meeting and novation of the design contract to Lend Lease would occur shortly.

** Note: the concrete pour referred to in (b) and (c) was not a requirement of the 'commence construction' milestone as incorrectly claimed.*

- b) Construction is the responsibility of the managing contractor, Lend Lease.
The Department of Health does not have a role in monitoring specific construction activities.
- c) There are no funds to be recouped. The concrete pour was not part of an agreed milestone under the Agreement and did not trigger any payment.
- d) The site plans and room data sheets were provided to the Department on 5 August 2015.
- e) The construction milestones in the current Project Agreement are:
 - Commence Construction;
 - Completion of base building;
 - Internal fit-out commenced;
 - Completion of construction; and
 - Practical completion of the project and a Final bi-annual Report.

Completion of base building means the building works have been completed to lock up stage allowing internal fit-out to commence.