



**AMA**

**PRIMARY CARE INFRASTRUCTURE  
GRANT SCHEME**

**AMA Guide for Medical Practices**

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## **PRIMARY CARE INFRASTRUCTURE GRANT SCHEME**

### **AMA GUIDE FOR MEDICAL PRACTICES**

The Department of Health and Ageing is calling for applications under the Primary Care Infrastructure Grants Scheme. The money is being made available to help GP clinics upgrade facilities and to provide new or additional facilities.

The grants are in three streams – up to \$150,000, up to \$300,000 and up to \$500,000.

#### **WHAT ARE THE GRANTS FOR?**

The scheme is providing grants for the extension and refurbishment of **existing** buildings. The AMA has been advised by the Department that the grants cannot be used for the construction of completely new buildings.

The funding can be used for:

- Professional fees for the design
- Professional fees for legal and accountancy fees relating to the building work
- Development application fees
- Construction and fit out costs
- Supply and installation of information technology equipment and software
- Supply and installation of essential medical equipment

For more detail you should consult the Scheme Guidelines.

#### **APPLICATION DOCUMENTS**

Government programs such as this require strict compliance with the application requirements.

Make sure you address every requirement in your application and make sure you include all the required attachments.

Make sure you submit the required number of copies in the correct formats and that your application is delivered by the due date.

With the information pack the Department has circulated a draft contract ('Funding Agreement') which the successful applicants will need to enter into.

It is unlikely that the successful practices will have any opportunity to negotiate any of the terms of the Funding Agreement. Medical Practices, therefore, need to be aware of the obligations they will be taking on if they sign the Agreement.

#### **SOME PRELIMINARY CONSIDERATIONS**

There are a couple of preliminary issues you need to think about before submitting your application:

- Do you own or have a sufficiently long-term lease over the property you intend to use? See clause 6.2 of the Funding Agreement:

## **6.2 Tenure**

- (a) On or before the date specified in Item 6.2 of Schedule 1, the Organisation must be able to demonstrate ownership or the right to occupy the Property and must substantiate to the reasonable satisfaction of the Commonwealth that it has tenure over the Property by way of fee simple, lease or another form of legally binding tenure that is sufficient to enable the Organisation to undertake the Project and comply with its obligations under this Agreement, including without limitation under clause 7.

- **Insurance.** You will need to submit with your application copies of certificates of currency for your workers compensation, public liability and professional indemnity policies. You will need to obtain a contract works insurance policy and all of the architects, engineers and builders will need to have the required professional indemnity insurance. See clause 20.1 of the Funding Agreement:

## **20.1 Obligation to obtain and maintain insurance**

- (a) Prior to commencing the Works, the Organisation must obtain (and ensure its subcontractors maintain) the insurances specified in Item 9.1 of Schedule 1 as being required during the Construction of the Works (which must be obtained on the terms specified in Item 9.1 of Schedule 1) and all other appropriate types and amounts of insurance to cover the Organisation's (or its subcontractors' (as the case may be)) activities under or in connection with this Agreement. Unless specified otherwise in Item 9 of Schedule 1, the Organisation must maintain these insurances until Practical Completion of the Works.
- (b) Prior to the Commencement of the Designated Use Period, the Organisation must obtain (and ensure its subcontractors maintain) the insurances specified in Item 9.2 of Schedule 1 (which must be obtained on the terms specified in Item 9.1 and Item 9.2 of Schedule 1) and all other appropriate types and amounts of insurance to cover the Organisation's (or its subcontractor's (as the case may be)) activities under or in connection with this Agreement. Unless specified otherwise in Item 9 of Schedule 1, the Organisation must maintain these insurances throughout the Designated

## **OBLIGATIONS UNDER THE AGREEMENT**

The Funding Agreement has 27 clauses and many of the provisions are not unusual. This guide gives a brief overview of the various clauses and highlights provisions that you should pay particular attention to or those that do not normally appear in ordinary contracts. Where there are some specific obligations in the Funding Agreement not found in ordinary contracts, some of the key points are highlighted.

### **Clause 1 – Definitions and interpretation**

This clause defines terms used in the agreement.

### **Clause 2 – Term of the agreement**

This clause sets out the start and finish date of the agreement.

### **Clause 3 –Planning, design and approval**

This clause sets out the requirements of the project budget and planning.

The reporting requirements you will be expected to comply with are onerous. If your application is successful you will be required to submit a Project Plan and Project Budget. You will be expected to achieve certain milestones and report these to the Department. Section 5.1 of the Scheme Guidelines sets out these milestones which are detailed below:

#### **5.1 Reports**

In addition to the Audited Financial Statements (including the Financial Report and the Auditor's Report on the Financial Report) required under Clause 11.7 of this Agreement and Item 5.2 of this Schedule, the organisation must provide the following reports in accordance with the requirements set out below:

<b>Report No</b>	<b>Report title and content and format requirements</b>	<b>Date/s for delivery of report</b>
<b>1</b>	A Report on progress against construction milestones as identified in the Project Plan (in the format provided by the Commonwealth) and the Milestone Schedule.	Commencing with the commencement of the Works, every 60 Business Days until 60 Business Days after the date of Practical Completion
<b>2</b>	A construction phase Final Report including a comprehensive report on the expenditure of the Funds for the purposes of the Project and how the objectives of the Project have been supported by the completion of the Works.	Within 60 Business Days after the date that the Organisation achieves Practical Completion of the Works in accordance with clause 4.9
<b>3</b>	An operational phase progress Report, which must provide a report against the Key Performance Indicators (in the format provided by the Commonwealth).	Commencing on the date which is 6 months from the date of Practical Completion and then every 6 months until the expiry of the Designated Use Period.
<b>4</b>	An operational phase Final Report which includes a report against the Key Performance Indicators and a comprehensive report on whether the objectives of the Project were achieved and if not, why not.	Within 60 Business Days of the expiry of the Designated Use Period

#### **Clause 4 – Conduct of the project**

This clause sets out how the work is to be carried out.

The Funding Agreement imposes certain obligations on you in the conduct of the project including:

- A requirement to appoint a Project Manager to supervise work
- Identifying key personnel involved in the project
- Notifying the Department of any changes of any changes of Project Manager and certain personnel involved in the building work
- Giving details of all subcontractors
- Telling the department of any changes to the work
- Providing the Department with all building certificates

During the course of the work you will be required to obtain written confirmations from the Department that you are complying with the program requirements. It is possible that building work may be delayed while you obtain such confirmation. You may need to factor such delays into you building program and building contract.

Clause 4.5 also contains a specific provision that you include in any subcontract many of the same terms as in the Funding Agreement so that the subcontractors are also bound by the same conditions.

You may also be faced with someone from the Department seeking to inspect the building work. So, not only might the building work be inspected by local government building authorities, you may also face inspections by the Department. See clause 4.6

#### **4.6 Inspection of Works**

- (a) At all reasonable times during the construction of the Works upon giving reasonable notice and subject to the Organisation's reasonable requirements in relation to safety and security:
  - (i) the Commonwealth or persons authorised by the Commonwealth may enter the Property to inspect and examine the Works; and
  - (ii) the Commonwealth may give notice to the Organisation of any omission, fault or defect in the Works.
- (b) Within 10 Business Days, or such longer time as may be agreed to in writing by the Commonwealth, having regard to the nature of the omission, fault or defect, after the receipt of a notice under clause 4.6(a)(ii), the Organisation must cause all matters specified in that notice to be rectified and must notify the Commonwealth when rectification has been effected.
- (c) Despite the Commonwealth's right to inspect and examine the construction of the Works:
  - (i) the Commonwealth is not obliged to check the construction of the Works for any defect, fault or omission; and
  - (ii) the Organisation is not relieved of responsibility for any defect, fault or omission in respect of the Works.

**Clause 5 – Assumption of risks for the works**

This clause states that the practice accepts full responsibility for carrying out the works.

**Clause 6 – The Property**

This clause deals with having tenure to the property where the building work is being done. See the section dealing with Tenure under the heading Some Preliminary Considerations above.

**Clause 7 – Designated use**

This clause requires that you must use the property only for the purpose for which the money is being granted. If it is not used for the designated purpose you will be required to repay to the Commonwealth some or all of the grant monies.

If you do not spend all of the money allocated or if you cannot properly account for all of the money you have been paid, then you will be required to refund the unspent portion and also any monies that have not been properly accounted for. See clause 7.2:

**7.2 Repayment Amount**

Without limiting the Commonwealth's rights under this Agreement or otherwise at Law or in equity, if within the Designated Use Period the Commonwealth is satisfied on reasonable grounds that the Organisation has failed to comply with its obligations under clause 7.1, the Commonwealth may by written notice to the Organisation require the Organisation to pay to the Commonwealth, as liquidated damages and not as a penalty, the relevant amount calculated in accordance with Item 13 of Schedule 1. The Organisation must pay to the Commonwealth the amount set out in the notice, within 20 business days of the date of the Commonwealth's notice. If the Organisation fails to make payment within 20 business days, the Commonwealth may recover the amount specified in its notice as a debt due from the Organisation.

Clause 7 also requires that all general practitioners and health service providers in the practice be appropriately registered.

**Clause 8 –The Funding**

This clause deals with the payment of the funds to the practice and how it is to be used. It is worth noting that the Commonwealth has a discretion not to pay the monies if it thinks the project will have a surplus or the practice underspends on the project.

**Clause 9 – Management of Funds**

This clause requires you to open a separate bank account just for the money which is to be granted by the Commonwealth. See clause 9.1 of the Funding Agreement:

**9. Management of Funds**

The Organisation must:

- (a) maintain a bank account controlled solely by the Organisation to hold all Funds under this Agreement;

- (b) immediately deposit all Funds received into that bank account;
- (c) notify the Commonwealth of the identifying details of the bank account within 10 Business Days of the execution of this Agreement and notify the Commonwealth of any changes to those details;
- (d) ensure that this bank account does not, at any time during the term of this Agreement, contain any monies other than the Funds and interest earned on the Funds;
- (e) use and deal with any interest earned on the Funds as if the money earned was part of the Funds;
- (f) not Commit any part of the Funds for expenditure that is likely to occur after the end of the Agreement Period; and
- (g) every six months, commencing 3 months after the Date of this Agreement, until the Date of Practical Completion, provide to the Commonwealth a bank statement indicating the deposit and withdrawal details regarding the funds in the bank account.

#### **Clause 10 – Other Contributions**

This clause requires you to tell the Commonwealth of any financial contributions not already stated in the project budget. For example, if the project started to run over budget and you decided to contribute some of your money, then you would need to notify the Commonwealth and provide it with any documents relating to this contribution.

#### **Clause 11 – Records, reports and acquittals**

You will be required to provide the Department an audited financial report during each financial year on your use of the money paid to you under the program. If you are presently trading as a sole trader or a proprietary limited company you do not need to employ an auditor to audit your financial accounts, so this will be an additional requirement. Have you allowed for the cost of such audits? You should note that the audit required only relates to the use of the funds granted. See clause 11.6 of the Funding Agreement:

##### **11.6 Audits**

The Organisation must prepare a Financial Report at the end of each financial year in which the Organisation has received, expended or retained Funds pursuant to this Agreement. The Organisation must engage an Approved Auditor to Audit the Financial Reports of the Organisation and prepare a report.

After you have received the money you will be required to participate in evaluations of the program in later years. This may involve some time and cost to the practice. See clause 11.9 of the Funding Agreement:

##### **11.9 Participation in Evaluations and Analysis of the Program**

The Organisation must participate at its own cost and as required by the Commonwealth, in studies, evaluations and other activities intended to analyse the success of the Project and the Program, on terms required by the Commonwealth.

Having regard to the provisions in clause 4.5 of the Funding Agreement, you should ensure that any subcontractors you engage agree to the same audit process.

### **Clause 12 – Liaison**

This clause requires you to liaise with and provide information to the Commonwealth. The Commonwealth can determine what information it requires and when it is to be provided.

### **Clause 13 – Access to premises and records**

Clause 13 of the Funding Agreement also allows the Commonwealth and various Commonwealth agencies, such as the Auditor-General and the Privacy Commissioner, to inspect both the building and your books and records. The requirement to inspect records also extends to employees and subcontractors. Of course the right of inspection only relates to documents that relate to the project – it would not extend to things such as patient records. This right of inspection continues for seven years.

### **Clause 14 – Project materials and intellectual property**

Clause 14 of the Funding Agreement requires you to grant intellectual property rights to the Commonwealth for all of the project material. Normally, when a designer such as an architect or draftsman produces work, the intellectual property in the work vests with its creator. The Commonwealth is requiring that you obtain those intellectual property rights from the designer and allow the Commonwealth free use of the material.

This means that you will need to include in the contractual arrangements with your architect or draftsman their consent to allow the Commonwealth to use their intellectual property.

### **Clause 15 – Acknowledgement and publication**

You will be required to publicly acknowledge Commonwealth support for the project. This may involve you in erecting signs and in placing wording in promotional literature. See clause 15 of the Funding Agreement:

#### **15. Acknowledgement and Publications**

The Organisation must acknowledge the financial and other support it has received from the Commonwealth, at the times and in the manner as the Commonwealth directs from time to time:

- (a) in all publications, promotional and advertising materials, public announcements, signs or plaques displayed at the Property and activities by it or on its behalf in relation to the Project or any products, processes or inventions developed as a result of the Project;
- (b) in respect of publications, promotional and advertising materials, public announcements, signs or plaques in a form approved by the Commonwealth prior to its use.

### **Clause 16 – Assets**

You will not be able to sell assets funded by the program until they are fully depreciated. **In the case of buildings, this may not occur for many years.** You should factor this

into your future plans. If you do sell assets funded by the program before they are fully depreciated, you face paying back to the Commonwealth part of the monies you have received. See clause 16.4 of the Funding Agreement:

#### **16.4 Disposal of Assets**

The Organisation must obtain prior approval, in writing, from the Commonwealth before selling or otherwise disposing of an Asset. If, at the time of the sale or disposal, the Asset has not been fully Depreciated the Organisation must, at the option of the Commonwealth:

- (a) pay to the Commonwealth within 20 Business Days of the date of the sale or disposal, an amount equal to the proportion of the value of the Asset following Depreciation that is equivalent to the proportion of the purchase price of the Asset that was funded from the Funds; or
- (b) pay to the Commonwealth within 20 Business Days of the date of the sale or disposal, the proceeds of the sale or disposal, less an amount equal to the sum of the Organisation's proportionate contribution to the purchase price of the Asset and the Organisation's reasonable costs of sale or disposal of the Asset; or
- (c) use the amount specified in paragraph (a) or (b) (as determined by the Commonwealth) above for a purpose, and in accordance with conditions, approved in writing by the Commonwealth.

You should carefully consider the useful life and the rate of depreciation you can use for the assets which you will be purchasing with the grant. How quickly the assets are depreciated will affect whether or not you will have to pay any monies back to the Commonwealth if you ever have to sell the assets. You may need to obtain accounting advice concerning depreciation.

#### **Clause 17 – Suspension and termination**

This clause gives the Commonwealth wide powers to suspend or terminate the agreement. If the agreement is terminated then you must stop using the funds granted and comply with any directions given by the Commonwealth concerning the use of the funds.

Given that the Commonwealth can terminate the agreement, you should also include in your contract with subcontractors a provision that protects your position in the event that the Commonwealth terminates its contract with you.

#### **Clause 18 – Repayment of funds**

This clause requires you to repay the money if it has not been spent in accordance with the agreement or if you cannot properly account for the monies.

#### **Clause 19 – Indemnities**

This clause requires you to indemnify the Commonwealth if anyone suffers loss arising from the work.

Having regard to the provisions in clause 4.5 of the Funding Agreement, you should ensure that any subcontractors you engage agree to provide a similar indemnity to you.

#### **Clause 20 – Insurance**

This clause requires you to obtain various insurances to cover the work. See the section dealing with Obligation to Obtain and Maintain Insurance under the heading Some Preliminary Considerations above.

#### **Clause 21 – Confidential information**

All of the information you provide to the Department with your application and all of the information you provide as progress reports may be publicly disclosed in defined circumstances. It may be disclosed as part of government processes or in response to a Freedom of Information request. It is not uncommon for the media to obtain information using this process. Information concerning your project might be given an airing in the media and it might be available to your competitors. See clause 21.2 of the Funding Agreement:

##### **21.2 Commonwealth disclosure**

The Organisation acknowledges and agrees that the Commonwealth may disclose all information relevant to this Agreement that is confidential to the Organisation:

- (a) to the extent required by Law or by a lawful requirement of any Proper Authority;
- (b) if required in connection with legal proceedings;
- (c) for public accountability reasons, including disclosure on request to other government agencies, and a request for information by Parliament or a Parliamentary Committee Minister; or
- (d) for any other requirement of the Commonwealth relevant to the administration of this Agreement.

Having regard to the provisions in clause 4.5 of the Funding Agreement, you should ensure that any subcontractors you engage agree to give undertakings not to disclose information and that they also agree to any information they provide being disclosed by the Commonwealth.

#### **Clause 22 – Personal information**

This clause requires you to keep confidential any personal information you acquire while carrying out the project. You are also required to ensure that any subcontractor you use also complies with the same obligation.

#### **Clause 23 – Compliance with laws and policies**

This clause requires you to comply with laws and to any policies notified to you by the Commonwealth.

#### **Clause 24 – Disputes**

This clause sets out the procedures to be followed in the event of a dispute.

#### **Clause 25 – Taxes, duties and government charges**

This clause requires you to comply with tax laws and to provide the Commonwealth with tax invoices which you receive in relation to the project.

The Scheme Guidelines state that, as a general principle, **grants under the Program will be assessable as income** in the hands of a funding recipient where they are received in relation to the carrying on of a business. It then goes on to suggest that you seek your own independent advice. Obviously, if the grant is taxable as income then **you need to make provision for the income tax you may have to pay.**

#### **Clause 26 – General**

This clause covers miscellaneous matters usually set out in contracts.

#### **Clause 27 – Organisation to comply with all special conditions**

This clause requires you to comply with any special condition set out in a schedule to the agreement.

### **ASSESSMENT OF APPLICATIONS**

The Scheme Guidelines set out the criteria by which the proposals will be judged. It is a three stage process. In the first stage your proposal will be judged by what it proposes to provide. In the second stage an assessment is made on the efficient and effective use of the funds. In the third stage, where proposals are considered to be of equal merit, the existing health facilities and population of the area may be considered.

**As an example, the selection criteria for the \$150,00 grants states:**

#### **1.4. Selection Criteria**

The selection criteria for the Primary Care Infrastructure Grants are as follows:

1. The potential for the proposal to achieve the Objectives as specified for each grant stream, as indicated at pages 6-9; and
2. The efficient and effective use of the funds.

Applicants should note that, in considering the extent to which the application meets selection criterion 2, the Application Assessment Panel will have regard to the following:

- The relative merit of each application;
- The geographic location of the applicant's existing facility and the existence of similar organisations in the area capable of achieving the same outcomes;
- The existence or otherwise of other funding sources available to the applicant for a capital works project;

- Whether the facility is accredited against relevant industry and/or training standards or is progressing towards this; and
- Contributions by other funding sources to the project which either increase the overall value of the project without increasing the value of the funds provided by the Commonwealth under this Program; or reduce the Commonwealth's financial contribution but still achieve the same objectives.

*Ranking applications of equal merit*

Where one or more applications is found to be of equal merit, the relative merit of the applications will be determined by the Application Assessment Panel having regard to the extent to which the evidence in the application demonstrates that the existing facility is located in an area with one or more of the following features:

- Poor access to health services;
- Poor health infrastructure and or coordination;
- Where a Primary Care Infrastructure Grant could help take pressure off the emergency department of a local hospital;
- High levels of chronic disease and/or populations with high health needs, such as large numbers of children or the elderly; or
- High population growth or anticipated high population growth.

In establishing the ranking, applications which demonstrate two of these features will rank higher than applications which demonstrate one of these features, and so on.

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