

5 Establishment Aspect

Funding provided by the Australian Government for GP Super Clinics was used to purchase land and construct new buildings or to purchase or refurbish and/or extend existing buildings.² The exception was the ability for GP Super Clinics to apply to use a small amount of grant funding as 'recurrent funding' (following commencement of operations until the fourth anniversary of signing a funding agreement).² The specific items which were covered and excluded by the allocation of capital funding were outlined in the *GP Super Clinics National Program Guide 2008*.² The funding was provided against a set of milestones generally standard across all Funding Agreements (FAs) but with milestone dates specific to each GP Super Clinic. These milestones reflected the main phases of any construction project. Applicants were required to include key documents about the management of the construction with their applications.

Information relating to these milestones and the GP Super Clinics as originally proposed was obtained from desk reviews of documents provided by the GP Super Clinics Branch relating to each GP Super Clinic. In general, this documentation consisted of the original, executed FA and any subsequent Deeds of Variation (DoV) to those FAs. In two cases, Departmental files consisting of all related project communications and correspondence were provided. Access was provided to the comprehensive Project Plans setting out the development budgets, activity across timelines (mostly documented using Gant Charts) and construction programs for five of the GP Super Clinics.

The capital works component of the funding was managed separately from any other funding sources received by the successful applicants. The capital works proposal was expected to support the delivery of the services against the framework of the GP Super Clinics Program objectives.²

The capital component involved in most instances purchase of land, submission of development and building approval applications, design and documentation of the works, procurement of the builder, and construction. This required a number of separate and either sequential or concurrent steps from the land acquisition phase to construction completion.

5.1 Outcomes on Project Milestones

Assessment of the performance of the various projects against their respective project milestone dates has been carried out by reference to three sets of documents:

- The initial, executed FAs and any DoV
- The Departmental staff responses to the delay section of the survey
- The funding recipient responses to the delay section of the survey

There were divergences in opinion between Departmental staff and funding recipients as to whether or not delays had actually occurred, and if so, the causes of the delays. Although some of the significant discrepancies between the two sets of survey responses were resolved during

telephone interviews, in the final assessment a sizeable divergence remained between the two sets of responses.

Of thirty-six executed FAs inspected during the desk review, the timeline milestone dates for twenty-three had, at the time of the review in late September 2011, been varied by formal Deeds of Variation. Ten agreements had not been varied at the time of the review although two of these were still at very early stages of development. Three agreements had been varied because the initial FA did not specify milestone dates and the effect of the DoV was to incorporate these dates. It has been determined that one of the projects will not progress.

Departmental staff recorded delays to the anticipated completion dates for various stages of development of the projects for all but three of the clinics. As at the date of the survey, thirteen funding recipients claimed that there had been no delays to any stages of the projects. The views of the funding recipients as to the number of projects that were delayed by any cause (13) are matched by the number of formal DoVs issued by the Department for time-related matters.

5.2 Perspectives on Delays

Based on the results of the survey, Department staff reported 181 individual events of delay to the thirty-six sites for which survey results were obtained. In contrast, funding recipients acknowledged 82 events of delay to the thirty-three sites for which survey results were obtained. Three GP Super Clinics did not respond to this section of the surveys despite several approaches.

There was agreement about the number of delays that had affected a particular project on only 7 out of 33 instances, although a very close correlation on the number of delays was evident in a further two cases. The number of times a particular type of delay event had affected the progress of the projects was agreed to by Departmental staff and funding recipients on only 4 occasions out of 27, although there was close agreement (within a score of one) on a further four occasions.

Funding recipients in the telephone interviews were less inclined to acknowledge that a delay had occurred if the Department had subsequently granted an extension of time either to the particular Funding Agreement milestone date or to all subsequent milestone dates. In effect, the granting of an extension of time was perceived by the funding recipients as having extinguished the delay. In addition, where an extension of time was granted for a delay to a milestone date and this extension of time, as the consequence of a “knock-on effect”, resulted in an extension of all subsequent milestone dates, the Departmental survey responses recorded delays to each of those subsequent milestones, while funding recipients treated that delay as a single delay only.

Results in delays impacting on timelines reported by funding recipients and Departmental staff are reported in Table 2. Most delays to the 33 GP Super Clinics that completed surveys were recorded for events of delay during the land acquisition phase (23 events out of 82 or 28% of reported delays). These responses are largely consistent, in apportionment of cause of delay but not in numbers of delays, with responses from Departmental staff.

Table 2: Numbers and Proportion of Delays Reported by Funding Recipients and Departmental Staff

Development Phase	Funding Recipients		Departmental Staff	
	No. of Delays	Proportion of Delay Causes (%)	No. of Delays	Proportion of Delay Causes (%)
Land acquisition	23	28	54	30
Development application	20	24	37	21
Construction	16	20	22	12
Appointment of builder	11	13	32	18
Funding approval	7	9	10	5
Preparation of tender and construction documentation	5	6	26	14
Total	82	100	181	100

This quantification of delays requires some qualification. Not all causes of delay were necessarily of the same gravity in terms of their impact on the overall progress of the projects. The simplified reduction of those survey results should not be read as an evaluation of their relative importance as a delay event because, at least up until commencement of construction, there are a number of concurrent “Critical Paths” for the developments, and delay in one of these paths may not necessarily translate to a delay in the overall progress of the works. For example, a delay in preparation of tender documentation or the appointment of the builder may not translate to a delay in the overall progress of the works if the concurrent approval of the DA was the more critical activity and it was not delayed. Conversely, delays in approval of funding might and have proved terminal for a project, eclipsing any concurrent delay in, for example, Development or Building Approvals.

5.3 Types of Delays

5.3.1 Land Acquisition

Land acquisition, if it was required as a part of the process of development of the GP Super Clinic, was usually described in FAs inspected during the desk review as “Funding recipient to provide evidence of finalised tenure over the land” milestone, or similar wording.

Twenty-three of the 33 sites required the acquisition of land, and all suffered some degree of delay. Only 11 funding recipients acknowledged acquisition delays, while Departmental staff believed 23 sites were delayed during this stage.

There were similar variances in opinion over the causes of delay, with funding recipients acknowledging 23 separate delay events and Departmental staff identifying 54 events.

Council Approval of Sale

The steps involved in land purchase or acquisition by lease or strata are numerous and rely on a number of different individuals or organisations performing their roles in a timely way. Initially, a form of Contract of Sale has to be decided upon, usually by the seller or lessor in conjunction with their legal advisers. This form of contract has then to be agreed by the purchaser or lessee, usually in conjunction with their legal advisers. Depending on the funding arrangements for the acquisition, lawyers for funding organisations or equity partners may also be involved. As a general rule, the more parties involved, the longer each step will take.

There is also some evidence that the nature of the selling or purchasing organisation can influence the urgency with which the transaction is progressed. Large commercial corporations usually have several “layers” of management involved in the consideration and approval of these types of transactions, and may not always assign the same urgency to the transaction as the purchaser. In at least one instance, it was clear that the subdivision and sale of the portion of a site for the GP Super Clinic was not progressed through the seller’s standard procedures as quickly as the funding recipient had hoped.

Both parties agreed that “Council approval of sale/transfer” was the greatest single cause of a delay event within the land acquisition phase, followed closely by “Late finalisation of the contract of sale” and “Late registration of the Title or Strata”.

It is not possible from survey or telephone interview results to determine whether or not the root cause of the delay was over-ambitious expectations on the part of the funding recipient or tardiness on the part of Council or the approving authorities, as Councils and approving authorities were not surveyed or interviewed for the evaluation.

Registration of Title

There has also been a tendency for funding recipients to act as though exchange of contracts for the sale, or execution of an Agreement to Lease, effectively secured not only the transaction but also all rights for them to act to establish the GP Super Clinics on the sites. Consequently, five funding recipients’ responses to the survey identified “Late registration of Title or Strata” as the cause of delay. Again, because Councils or approving authorities were not surveyed, it is not possible to determine whether the approving authorities were tardy in processing the approval documents or whether the funding recipients simply misunderstood or incorrectly anticipated the time involved.

In one sense, the reasons why registration of Title or Strata was delayed is not the issue so much as whether the numerous steps that can be involved in this process were recognised early enough, and whether or not sufficient time was allowed in the projects for each step to occur. Depending on whether or not the transaction involves just a transfer of ownership of land or, for example, the subdivision and transfer of ownership, the timelines for completion can vary by a number of months.

Subdivision of Land

Subdivision of land includes most the following processes:

- Surveys of the portion of land to be subdivided and the land that is left of the original title after subdivision are required. It is important that both surveys are carried out and processed concurrently because there will be new and modified titles created. These will both require preparation and some sort of registration of plans (e.g. Deposited Plans) by a registered surveyor
- Depending on the jurisdiction (local or state government) the process of registration of the surveys may be a Council activity or a State Department of Lands activity
- In some jurisdictions there are statutory minimum periods for the surveys to rest with the Chief Surveyor who signs them before they are registered. In some cases, public notification or gazettal is required before the plans are signed off, sometimes with statutory timeframes for the public notification. There may or may not be appeal rights associated with some of these processes.
- The act of subdivision is usually only completed when the signed survey plans are registered with Council or the State Lands Department at the end of this process.

Subdivision may also involve some construction activities or some secured, legal commitment to construction activities including:

- Provision of new sewer, stormwater, water and electrical services to the new site boundary (site servicing)
- Site contamination remediation (e.g. in the case of old service station sites)
- Construction of new roads and pedestrian and/or intersection works.

Council may require these to be completed as a pre-requisite to approval of the subdivision or some later step in the process of registration of Title. Subdivision to create a new site from an existing one can and did significantly extend acquisition timelines.

Funding Delays

Only one of the funding recipients surveyed assigned responsibility for “Delay in finalising the land acquisition” or “Late approval of funds for the purchase of the land” to Department delays, and only one identified the delays due to “Late bank approval of funding”.

5.3.2 Development Approval Processes

It is not possible, with any certainty, to anticipate times for development approvals. Qualified planning staff shortages, “blackout periods” at peak holiday periods, errors and omissions in public consultation notifications, scheduling of Council meetings and routine failures to distribute DA documents to other agencies and utilities in a timely manner are all reasons for unpredictable delays in processing and approval of development applications. Many Councils have taken to benchmarking themselves against other Councils on “number of days per approval” basis. This may serve as an indication of their historical performance in this area.

Most Councils and approving authorities are only “agents” for other authorities and utilities in the approval process. In particular, many Councils have subordinate roles to play with respect to State Main Roads and Environment Protection Departments. In this regard Councils are not in a position, and usually will not be drawn into a position, to provide opinions on what the other authorities may require as a condition of approval or how long it may take to obtain details of their requirements.

This milestone attracted the second highest recording of delays and events of delay. Funding recipients recorded 20 events of delay for the 33 GP Super Clinics and Departmental staff recorded 37 events. The most commonly reported event of delay by funding recipients was “New approval requirements imposed” (7 times) followed by “Design consultant documentation delay” (5 times) and “Council approval delays” (5 times).

Departmental staff responses to this section of the survey were heavily concentrated on “Other” causes of delay (16 times), followed closely by “Council approval delays” (11 times) and “New approval requirements imposed” (7 times). It is not possible to ascertain with any great accuracy the real reasons for the considerable delays during this phase, in the absence of surveys of Councils.

This phase is, however, arguably the least predictable in any private property development with regard to the timelines involved. It is also the least amenable to expedition because many of the requirements are statutory.

As is evident in the survey results, design consultants will often blame the shortcomings in their own performance on Councils and approving authorities. In several cases it is evident from some of the supplementary project information accessed for this evaluation that funding recipients, project managers and/or architects have failed to properly inform themselves of Councils’ requirements.

There is a tendency on the part of design professionals to take the most favourable views of Councils’ published requirements. They assume favourable outcomes in relation to timing will apply to their project if the contrary view will, in their or their client’s view, adversely affect the feasibility of the project. This is particularly so of parking requirements. From supplementary project information accessed on some of the projects, it is evident that delays occurred when funding recipients and their consultants first prepared parking plans. These plans were based on the most optimistic outcome, neglecting or declining to declare the optimistic assumptions to Council at DA submission stage. They then challenged the issue and, usually and almost always inevitably, redesigned the parking and the project to comply with the published Council requirements. In at least one instance it is clear that Council required the applicant to redesign the GP Super Clinic to reduce its size, and therefore the parking requirements it generated, as a condition of approval. In at least two cases it was necessary for the funding recipients to purchase additional land to meet the parking requirements.

It is not always possible to predict, regardless of how well the funding recipients or their professional consultants inform themselves, the additional information Councils and approving authorities may require before a DA submission is accepted for lodgement. Site contamination was cited in 3 instances as the reason for delays in approval of the DA, even though it was not clear, in the first instance, that any contamination existed. The mere risk that the site might be

contaminated was seen as sufficient grounds to withhold approval until significant (and expensive) site assessment was carried out.

Councils, funding recipients or their professional consultants cannot forecast the outcome of public consultation and notification processes now common place in most jurisdictions. In cases where re-zoning of land is required as part of the approval process, two separate and distinct public consultation and notification processes may apply to the one project on the one site: one to the re-zoning; and another to the Development Application. In many instances, re-zoning applications, which always attract longer timelines, have to be approved before the DA approval can take effect. Objections arising from public notification have in one instance, resulted in delay of over one year to a GP Super Clinic proposal, at virtually no cost or risk to the objector.

Some Councils have a practice of attaching completion of a range of infrastructure works to the conditions of approval of the DA Notices of Determination for even small- to medium-sized, complying developments. It is common for Councils to require these works to be either fully documented and approved by other agencies, or for the works themselves to be completed before the Development Approval for the new building works takes effect. The option to secure the undertaking of these works by lodgement of a cash deposit or bank guarantee for the value of the works was rarely investigated by the funding recipients. Development Approval Notices of Determination or Consent now routinely attach thirty to fifty pages to Conditions of Approval.

5.3.3 Funding Approval Processes

In survey responses, funding recipients for seven GP Super Clinics, slightly less than a quarter of all respondents, acknowledged delays at some stage due to funding problems. Departmental staff identified ten GP Super Clinics that were delayed by these problems.

The range of funding-related delays included the following: the design architect going into receivership; insufficient funds being available for the designs developed; and a shortfall in funding from other stakeholders. Only two of the 36 GP Super Clinics over 37 sites have not proceeded at the time of this report, principally because of problems sourcing additional funds. One of these will proceed after negotiations about funding arrangements are finalised.

5.3.4 Tender Documentation Processes

This type of delay scored lowest of all delay categories in both funding recipient and Departmental staff survey responses. Departmental staff rated "Other" causes of delay as contributing most to delays during this phase (13 of 26 or 50%) with "Client design changes" or "Client approval delays" accounting for a further eight of 26 (31%).

Funding recipients acknowledged far fewer events of delay during this phase (only five in total or less than 20% of those acknowledged by Departmental staff), while admitting to "Client design changes or Client approval delays" in two (40%) of these cases.

There were generally only regional variations in the responses to this section of the survey. All eastern states recorded acceptable performances to program by design consultants, and the largest delay recorded was in Western Australia. This delay was blamed by the funding recipient on the extraordinarily high design consultant workloads arising from the mining sector in that

state and the resultant shortage of skilled design resources. These are generally valid assessments of some of the design and documentation risks in this state.

5.3.5 Appointment of Builder

While the Departmental staff recorded high (13 out of 33 or 39%) “Other” causes of delay during this phase, both funding recipients and Departmental staff recorded significant delays (seven out of 32 and four out of 11 respectively) caused by “Late building approvals (BAs).”

From supplementary project information it is clear that there has been a relationship between the causes of delay during the most frequently delayed phase of development, the Development Approval or DA phase, and the BA phase. This is almost always due to the now common practice of Councils “carrying over” conditions of approval from DAs into BAs by imposing numerous “prior to commencement of construction” conditions in the DA Notices of Consent. As noted in section 5.3.2 of this report, conditions attached to the DA Notices of Consent for these projects now routinely run to thirty to fifty pages. Under these circumstances, private building certifiers responsible for issuing the BAs are obliged to enforce these conditions on the project on behalf of the Council.

Of the five projects identified by either the funding recipients or Departmental staff as having been delayed by tender results that were over budget, multiple tenders were received in four out of five cases. Bills of Quantities were provided to the tenderers in 4 out of 5 cases, and full design documentation was provided to them in four out of five cases. This suggests strongly that the project designs were over budget even before they were issued for tender and that all the processes normally employed to ensure competitive tender results did not overcome poor design management during documentation. It also suggests that the quantity surveyors, in preparing tender Bills of Quantities, did no more than measure the causes of the budget over-runs. These resources might have been better assigned to or supplemented by cost planning and cost control services.

5.3.6 Construction Completion

This phase of any development of construction projects is traditionally seen as one of the least predictable and most vulnerable to risk of extension of the various development phases. Neither funding recipients nor Departmental staff survey results support this view.

Once unavoidable causes of delay such as inclement weather are discounted from the survey results, the largest single contributory event during this phase (except for the “Other” category in the Departmental staff survey responses) was “Design change and variation delay”.

Significantly, of the eight GP Super Clinic projects identified by funding recipients and Department staff as suffering delays to completion of construction due to Design Changes and Variations:

- seven out of eight did not incorporate the Department’s recommended variation, delay and extension of time clauses in their construction contracts
- six out of eight had not provided the builders with a Bill of Quantities on which to tender

- four out of eight did not use the recommended Australian Standard 2124 (AS2124) form of contract

Conversely, six out of the eight had appointed a quantity surveyor (or independent project managers). It is not evident from any of the survey responses, at which stage in development of the design documentation these professionals were engaged. As a result it is not possible to determine whether they were in a position to exercise some control over these factors.

5.4 Building Construction for Delivery of Primary Care

The perceptions regarding whether the building design supported the delivery of primary care were sought at those GP Super Clinics which were providing services at the site visits as part of the operations aspects.

Most of the clinicians expressed satisfaction with the building in relation to the provision of primary care. However, most suggested that, in hind sight, changes could have been made. In particular, concerns about the distances between reception and waiting rooms were common despite different designs. A commonly expressed view was that there was a need for greater involvement of all disciplines in the design phase. Particular concerns in some GP Super Clinics related to widths of corridors representing wasted space, and giving the impression of hospital rather than primary care facilities.

Integration of disciplines within the buildings was uncommon, i.e. GPs tended to have a wing or section while other disciplines occupied other parts of the building. This was commonly perceived as a barrier to integration, especially by allied health and nursing staff.

5.5 Value for Money

Comparisons were made between the construction cost templates with the construction costs reported for of each of the GP Super Clinics that responded to the Establishment Aspect Survey.

Of the initial assessments of value for money all but six have been shown, to varying degrees, to represent acceptable value for money. Of these six, the construction cost for one was impacted by the need to remediate site contamination, a cost not provided for in the initial budgets. The construction cost for another is relatively high because of the added cost impost arising from the conversion of a heritage-listed building. A third site had an otherwise acceptable base building cost impacted by the delay costs that arose when construction was halted on two occasions. If these extra-ordinary circumstances had been factored into the value for money assessments, it is likely that they would have otherwise met the value for money criteria leaving three remaining sites as out of range of acceptable value for money.

The factors that contributed to the higher cost per square metre for the remaining three sites were not identifiable through the value for money assessment methodology and the advice obtained from the sites. It may well be that further assessment might identify similar extenuating circumstances but this would require further examination.