



COPY - MS FLORNA KNIGHT

GEO  
26 OCT 2015

## Shadow Minister for Health

Mr Grant Hehir  
Auditor-General for Australia  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2600

22 OCT 2015

Dear Mr Hehir

I request that you conduct a performance audit into the *Project Agreement for the Health and Hospitals Fund – 2010 Regional Priority Round Project in Palmerston* following reports that raise serious questions about the Northern Territory Government's administration of this project.

The Northern Territory Government has received \$56 million from the Commonwealth, despite doubt that meaningful construction has so far commenced.

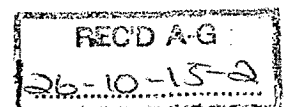
I note that the "follow the money" provisions contained in section 18B of the *Auditor-General Act 1997* give you the power to conduct a performance audit of a Commonwealth partner, including territory governments.

This Agreement was signed by the then Commonwealth Minister for Health, the Hon Peter Dutton MP, and then Northern Territory Minister for Health, the Hon Robyn Lambley MLA on 4 June 2014 and 13 August 2014 respectively.

Seven milestones were established as part of this Agreement, including a \$20 million payment for 'Site Services commence', with a date due of July 2014 and report due November 2014, followed by a \$35 million payment for the 'Commence Construction' milestone with a date due and report due in May 2015. I understand these payments, in addition to a \$1 million payment for the first milestone were made by the Commonwealth Department, despite due dates not being met.

In considering this request I would ask that your office give particular consideration to sections 8.5.2 'Strategies for paying approved grants to recipients', and 8.5.3 'Verify milestones have been achieved before making associated payments', of the ANAO's *Implementing Better Practice: Grants Administration Better Practice Guide*.

With respect to these sections of the Guide, I request that the ANAO give particular consideration to any photographic evidence provided to the Commonwealth Department of Health by the Northern Territory government, in addition to any documentary evidence of completed milestones, evidence of completion of planning and phases of construction, and details of any physical inspections of projects that have been undertaken.



I thank you for your immediate consideration of my request.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Catherine King', with a long horizontal flourish extending to the right. The signature is written over the printed name 'Catherine King'.

Catherine King