

# MERP & EIRP Updated FAQ's

## MERP Questions and Answers

### **Should a health service engage and include QS report in the submission?**

Typically, costs from Health Share Victoria or quotes from a supplier will suffice for a MERP submission. A QS report may be more beneficial for an EIRP submission.

### **Can the submission timeframe be extended, given the amount of details information requested and the need for executive review and signoff?**

The timeframes have been developed by Victorian Health Building Authority and the Department of Health and approved by the Steering Committee and endorsed by the Minister for round opening and closing. Our recommendation is that the Health Services arrange their submissions in order of highest priority (Refer to Application Form Section: 'Requested assets', and indicate the CEO Priority #)

### **Are Health Services able to receive a copy of one of the Asset Management Plans that enabled participation in the pilot of direct funding?**

The department does not share documents that include detailed information about asset risks with other health services. However, the department has provided continuous support around asset management plans since the introduction of the Asset Management Accountability Framework (AMAF) in 2016. The department has also provided a template outlining the typical content of an asset management plan which is shared on a yearly basis in the letter to the CEO announcing the dates for the Infrastructure Renewal Contribution Grant (IRCG); asset management plans are also discussed regularly in the Communities of Practice chapter events on regular basis.

Health service will need to outline key information in their asset management plans with respect to asset replacement needs over four years period in a prioritised manner, current mitigation strategies for assets at risk of failure and the current maintenance strategies in place. The department is committed to the ongoing support for asset management improvement through the communities of practice chapter events, additionally if you require further support and understanding around developing good asset management plans, please reach out to the asset management team referencing 'Asset Management Plan' in the subject line on [assetmanagement@health.vic.gov.au](mailto:assetmanagement@health.vic.gov.au).

Please refer to page 18 Section C of the 2024-25 Engineering Infrastructure Replacement Program and 2024-25 Medical Equipment Replacement Program Guidelines.

## **Will regional & rural health services be considered for a direct allocation pathway subject to this year's pilot and effective AMPs in place?**

The pilot sites were not selected based on regional or rural versus metropolitan health services. The pilot approach was based on the assets impact to the statewide services and the maturity of the submitted asset management plans. Please note for future years the direct allocation will be expanded to other health services (subject to approved government funding for future years of the program), the long-term approach of the programs does not have an exclusion rule for regional and rural health services

## **Health services invest considerable time and money preparing these submissions for project readiness with a high risk that many will be rejected. What thought has been given to changing this process to reduce the resources invested in unsuccessful applications, or part funded applications.**

The department of health acknowledges the efforts undertaken by health services in preparing the submissions. This is one of the main drivers for the department to restructure the program process into direct allocation utilising information in the asset management plans, which outline the detailed asset replacement need into four years planning period in a prioritised manner, to gain comprehensive view of all asset needs across the health system and plan accordingly with health services through the department governance process. Health services are expected to maintain an asset management plan which includes all relevant asset information. Projects identified in the asset management plans for replacement will still require going through rigorous cost verification process.

## **What is the process for accessing funding for items below \$300k (applicable for MERP and EIRP)?**

Health services do not need to apply for the Specific-purpose capital grant. Health services are advised of their individual Specific-purpose capital grants for engineering infrastructure and medical equipment. VHBA will issue letters in due course to Health Services entitled to receiving these grants. Health services are required to report on how SPCG were expended against asset risks through AIMS 7B reporting mechanism, noting that the SPCG is a portion of the overall program which is also intended to cover asset risk issues.

## **How were Direct Allocation (pilot) sites chosen?**

In 2024, a portion of the high-value statewide replacement fund will be directed to identified high-value high-risk assets for pilot health services. The remaining funds will be allocated based on prioritisation of eligible submission-based health service applications as per previous years.

Pilot health services have been selected based on two factors:

1. Firstly, their importance in the system represented in providing statewide strategic services which have a whole-of-system impact to availability of clinical services. The rationale for this factor is to prioritise the most critical risk across the system when funds are limited.

2. Secondly, health services that matured in their asset management practices as reflected in their Asset Management Plans (AMP) with improved systems and processes in determining asset risks and replacement needs. The rationale for this factor is to incentivise all health services to invest in their internal capabilities around asset planning which will drive efficiency across the sector in prioritising asset needs with a holistic view and in a proactive manner. Investing in good quality asset management plans and associated data will lead to certainty of funds outside the bidding process for the most prioritised replacement needs. This in return will lead to efficiency in running minor capital programs in a proactive

manner where the department can have a pre-determined program of work over longer timeframe, this will avoid the increase in backlog size, planning and procurement.

### **Small rural Health Services find it difficult to be eligible for single items over \$300k. Are there any thoughts around having a regional stream?**

In addition to the MERP and EIRP funding in 2024-2025, small rural health services are also eligible to apply for funding via Regional Health Infrastructure Fund (RHIF). Round 9, 2024-25 will be opening shortly. The department will obtain feedback from health services around the programs thresholds to consider for future years.

### **How does a Health Service access grants for new equipment that they don't currently have but require?**

It is acknowledged that the health service may require new equipment, however, to be considered eligible the services provided need to be linked to the approved Service Plans by the department and/or new pieces of equipment must be considered as a part of new model of care to deliver services that have been provided by an existing asset. This program is for existing asset replacement only.

### **Can the Health Service bounce ideas off VHBA prior to the submission?**

To ensure equity and transparency in submission and evaluation process, the department and VHBA cannot provide advice as to which submissions should be developed. Health services will need to determine the prioritised risks and submit applications accordingly. However, VHBA and the department can support you with any questions regarding the submission process or the application forms. Applications approved for funding this year will go through a steering committee comprising senior executives from multiple program areas in the department and VHBA which will provide the recommendations to the Secretary of Health and the Minister.

# EIRP Question & Answers

## Can PPP Health services apply for EIRP funding?

Typically, no. operational PPP sites will be excluded depending on current agreements in place.

## How do we access a Word version?

The PDF document can be downloaded and converted into a word document using available online tools. You can write your answers into a word document and copy them across to Smartygrants or fill in the Smartygrants application form online directly. We recommend that you keep saving the application form if you are filling it out online.

## How much (\$) of the pool is directly allocated as part of the Pilot - is it based on specific projects or based on a % of state that the service represents?

Direct allocations were based on projects identified in the health services asset management plans and considered impacts of not addressing these asset risks to statewide services. These allocations are subject to the same evidence and cost verification requirements as the submission-based applications. Funds allocated to pilot health services are in line with historical allocations for these health services over the last few years.

## Can the program be used to upgrade Electrical Infrastructure to support the Government E-Fleet strategy?

The EIRP funding is allocated for the replacement of existing engineering assets and infrastructure. If the submission can detail and substantiate the current existence of the EV charging stations and the need to replace them and the electrical reticulation supporting them it may be considered.

EIRP is dedicated to addressing critical assets across the health system in a prioritised manner. Health services will need to determine their priorities, and the department will determine the priorities on a system level.

## Can an emergency exit lighting system be treated as a single asset?

Yes, if it is located at the one facility and as long as it fits within the asset priorities identified by the health service.

## Is there a limit on the number of items of plant included in the submission? Do multiple items equal multiple applications?

Infrastructure/assets considered for replacement through the High Value Statewide Replacement Fund are single items costing more than \$300,000 (excluding GST). Any associated dependent assets that are required to support the delivery may be considered. Aggregated items are excluded from the High Value Statewide Replacement Fund.

Through the two staged application process, health agencies are requested to provide both the narrative and evidence to support their submissions.

## Was there notification the round opened on the 15th of October?

Yes, an email was sent on 14<sup>th</sup> Oct 2024 to the CEOs at all eligible Health Services. Heads up communications were shared on 3<sup>rd</sup> October 2024 to the same group.

### **Are aged care services eligible?**

No. Funding is only available for acute services in Victorian public hospitals and excludes non-acute aged care, subacute, rehabilitation, dental health and mental health.

### **What is the timing to receive funds for items less than \$300k?**

Letters are anticipated to be sent to the relevant Health Services in November / December 2024.

### **Can all questions and answers be shared with all the attendees?**

Yes

### **Can the presentation be shared?**

Yes

### **The resources and links include hyperlinks that we can't see the URL for**

Documents are available on VHBA website for your consideration.