Victorian Health Building Authority

2024-25 Engineering Infrastructure Replacement Program and 2024-25 Medical Equipment Replacement Program Guidelines

VICTORIA State Government

Contents

Timeline for MERP 3

Timeline for EIRP 3

Purpose 4

Principles 5

Supporting gas substitution in existing facilities 6

General eligibility criteria 7

Ineligible and excluded items 7

Conditions of funding 8

Section A: High Value Statewide Replacement Fund 12

Section B: Specific-purpose capital grants 16

Section C: Asset management plans 18

Appendix 1: Eligible and in-scope items 19

Appendix 1A: Medical Equipment Replacement Program – High Value Statewide Replacement Fund - Eligible in-scope items 19

Appendix 1B: Medical Equipment Replacement Program – Specific-purpose capital grant - Eligible in-scope items 20

Appendix 1C: Engineering Infrastructure Replacement Program – High Value Statewide Replacement Fund and Specific-purpose capital grant – Eligible in-scope items 21

Appendix 2: Ineligible and excluded items 23

Appendix 3: MERP & EIRP Eligible Health Services 24

Appendix 4: Risk matrices 27

To receive this publication in an accessible format using the National Relay Service 13 36 77 if required, or email MERP&EIRP@health.vic.gov.au

Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.

Available at www.health.vic.gov.au/med-equip

Timeline for MERP

	Requirements	MERP Indicative Date
High Value Statewide Replacement Fund *Applications for eligible in-scope items greater than $300,000 (excluding GST)* *Applications via on-line portal*	Call for submissions	October 2024
	Close of submissions	November 2024
Specific-purpose capital grants *For acute services in metropolitan and regional public hospitals*	**2024-25 Grant Reporting**: Agency Information Management System – 7B Reporting/annual return on expenditure of **2024-25** grant and any carry forward from previous years	October 2024

Timeline for EIRP

	Requirements	EIRP Indicative Date
High Value Statewide Replacement Fund *Applications for eligible in-scope items greater than $300,000 (excluding GST)* *Applications via on-line portal*	Call for stage 1 (EOI) submissions	October 2024
	Close of stage 1 (EOI) submissions	November 2024
	Call for stage 2 (shortlist from EOI) submissions	January 2025
	Close of stage 2 (shortlist from EOI) submissions	March 2025
Specific-purpose capital grants *For acute services in metropolitan and regional public hospitals*	**2024-25 Grant Reporting**: Agency Information Management System – 7B Reporting/annual return on expenditure of **2024-25** grant and any carry forward from previous years	October 2024

Purpose

The purpose of the funding for the Engineering Infrastructure Replacement Program and the Medical Equipment Replacement Program is to:

- improve safety for patients and healthcare workers with reliable engineering infrastructure and medical equipment.
- sustain clinical service continuity and provide greater access to care and treatments.
- avert unacceptable clinical service interruptions or failures.
- enable qualifying at-risk critical engineering infrastructure and medical equipment due or overdue for replacement to be replaced in a timely and prioritised way, consistent with statewide strategic and service plans, service delivery needs and asset management plans.
- enable best practice models of care through medical equipment replacement and upgrades.
- sustain at-risk assets that provide essential capacity for delivering responsive and appropriate acute clinical services across Victorian public hospitals.
- provide a safety net to minimise whole-of-system risks.
- devolve a level of capital funding to health services' management, making prioritising the replacement of at-risk assets more flexible, reducing administrative burden and helping to improve asset management.
- assist health services to implement effective asset management practices that aligns with existing government frameworks and policies; and supports the development and implementation of multi-year essential engineering infrastructure and multi-year medical equipment asset management plans for health services consistent with their role in the statewide context and appropriate to the asset management requirements of the health service concerned.

The Victorian Government announced in the 2024-25 State Budget:

- $40 million (across 2 years) for the Engineering Infrastructure Replacement Program, and
- $35 million for the Medical Equipment Replacement Program.

Both programs focus on replacing existing end-of-life, critical, high-risk assets that are essential to maintaining life and safety and ensuring service continuity for acute services in public hospitals.

Specific-purpose capital grants are allocated to metropolitan and regional health services to replace in-scope critical at-risk engineering infrastructure and medical equipment valued at up to $300,000 (excluding GST). The grants can also be used to replace engineering infrastructure and medical equipment greater than $300,000 (excluding GST) if the health service considers it to be the highest risk of all the outstanding in-scope assets.

Health service investments are accountable to asset plans, must maximise value-for-money procurement and must be consistent with government policies, practices and asset management frameworks.

The **High Value Statewide Replacement Fund** is available for in-scope *single* items over $300,000 (excluding GST) that carry high risk in terms of service provision. In 2024 allocation of high-value funds will include direct allocation for identified high-risk assets across the system, alongside a submission process through which health services submit bids to the Department of Health (the 'department'). Health services with projects selected for direct allocation will be contacted through letter to the CEO. The assessments, prioritisation and allocations will be performed against highest critical risk scoring.

Funding allocation under the programs is outlined in the *Department of Health Policy and Funding Guidelines* and approved by the Minister for Health.

The structure, management and implementation of the two programs is consistent and progresses government requirements for longer term asset planning to be undertaken by both health services and the department. It enables system-wide longer-term planning by the department for replacing high-cost assets. It devolves appropriate responsibility for decisions on asset replacement to health services and promotes transparency and responsive prioritisation of funding allocation. The initiatives align with government requirements for asset management and challenges identified by the Victorian Auditor-General's Office and the Victorian Healthcare Association.

Principles

The programs operate in the context of the following principles:

- The intent of the government's asset management policy is to develop and maintain an asset base that is capable of meeting clinical service standard now and into the future, providing the right assets at the right time through leadership, asset utilisation and performance, risk, commercial approaches and innovative funding models.
- Statewide and locally, sustaining and replacing engineering infrastructure and medical equipment needs to be planned and delivered with careful rationing of investment.
- Asset management is a whole-of-asset-lifecycle obligation requiring an understanding of need, capacity, condition, opportunity and risk to drive value-for-money service outcomes.
- Asset renewal should be guided by commitment to environmental stewardship and long-term sustainability. With consideration to energy-efficient alternatives and aligning replacement assets with the department's sustainability goals.
- The structure and evolution of the replacement programs seek to develop asset management capability and capacity across the system.
- Appropriate local and central governance arrangements oversee asset planning, investment prioritisation of in-scope items based on risk and, in the case of health services, oversee the replacement process.
- Accurate and timely reporting of expenditure enables analysis of future investment needs, reporting to government on expenditure consistent with the defined purpose of the funding provision and provides a robust information base for program audit.
- Health services are to use the funds provided to replace highest risk, in-scope engineering infrastructure or medical equipment. Asset replacement determination needs to be based on departmental frameworks and guidelines for prioritisation, risk management and service planning, as well as the service's role within the health system and impact to the safety of acute patient care.
- The programs are in alignment with the *medical equipment asset management framework* which presents the foundation business practice for planning and managing medical equipment to achieve efficient, effective and safe service operation of medical equipment. The framework is generally applicable across asset classes. Further information is available at:

https://www.vhba.vic.gov.au/health/equipment-engineering-upgrades/medical-equipment-replacement-program

- The programs align with the Department of Treasury and Finance and the Department of Health's asset management frameworks and asset management policies, principles and practice, the Victorian Health and Building Authority's Engineering and Sustainability guidelines, available at the following links:
    - Asset Management Accountability Framework https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework
    - Department of Health Asset Management Policy https://www.vhba.vic.gov.au/resources/asset-management
    - VHBA Engineering Guidelines https://www.vhba.vic.gov.au/engineering-guidelines-healthcare-facilities
    - VHBA Sustainability Guidelines https://www.vhba.vic.gov.au/sites/default/files/2021-10/Sustainability-guidelines-for-capital-works-VHBA-Revised-October-2021.pdf

Supporting gas substitution in existing facilities

As part of the Victorian Government's commitment to combat climate change and reduce greenhouse gas emissions and respond to potential gas supply shortfalls, all new State Government projects must be all-electric. This measure aligns with the government's overarching sustainability goals and underscores our collective responsibility to safeguard the environment and ensure the well-being of future generations.

Whilst this requirement does not apply to the replacement of gas infrastructure and equipment in existing health facilities, upgrading or replacing gas infrastructure through the 2024-25 EIRP and MERP are to explore opportunities to transition away from gas to electric equipment and infrastructure. This requirement specifically applies to the following:

- EIRP: Fuels, Heating – Refer to Appendix 1C
- MERP: Sterilisers - Refer to Appendix 1B

These gas substitution considerations are applicable for both Section A (High Value Statewide Replacement Fund – Submission Based) and Section B (Specific Purpose Capital Grants) grants.

Specific to Section A grant applications:

- where an all-electric or partial electric replacement is proposed, submissions should address necessary upgrades and/or modifications to the broader site-wide electrical infrastructure, such as switchboards, electrical distribution, supply augmentation, and emergency power, inclusive of spatial and structural review for any new plant and equipment, and
- where new gas equipment or infrastructure is being installed, including for partial electrification solutions, applications are to provide evidence that an all-electric option was explored and why it was not viable through the questionnaire in the application form.

General eligibility criteria

The funding is restricted to replacement of engineering infrastructure and medical equipment items or assets that sustain existing acute services in Victorian public hospitals and that:

- replace qualifying highest priority critical existing assets that pose an unacceptable and immediate threat to patient/healthcare worker safety
- are in-scope
- are 'project ready'
- are end of life
- are overdue and time-critical to be replaced/renewed
- are critical to service delivery or direct life safety
- cannot reliably be undertaken by any other means and have asset and service support shortfalls that cannot be reasonably or acceptably addressed via maintenance
- are major technical upgrades to existing imaging equipment to extend effective life and where the clinical benefits and extension of effective life are demonstrated
- need due consideration by the programs because without replacement they
    - will critically and unequivocally impair health service delivery
    - present a strong likelihood of asset and service failure, leading to an untenable gap in business continuity
    - represent a major breach in mandatory legislative and statutory requirements.

A list of in-scope replacement assets is included as Appendix 1.

Ineligible and excluded items

Funding is only available for acute services in Victorian public hospitals and excludes non-acute aged care, subacute, rehabilitation, dental health and mental health.

Funding is also not available for additional assets (additional to the existing item requiring replacement) including any supporting infrastructure.

High Value Statewide Replacement Fund

Installation and infrastructure work related to medical equipment are not eligible for funding under the High Value Statewide Replacement Fund, although health services may consider using their Specific-purpose capital grant for this purpose.

Low-cost high-volume *aggregated items* such as pumps or scopes, or *systems* of medical equipment such as towers are also excluded from the High Value Statewide Replacement Fund.

Refer to Appendix 1 for details about eligible in-scope items and Appendix 2 for ineligible and excluded items.

Conditions of funding

1. Program funding must only replace highest priority critical risk plant/engineering infrastructure/medical equipment assets that are at the end of their effective lives and are used for acute services in Victorian public hospitals.
2. Funding for engineering infrastructure and medical equipment is only available for eligible in-scope items (refer to Appendices 1A, 1B and 1C).
3. Funds are provided only for the approved project and scope including generic type, functionality and number of items in the approved allocation and must not be used for any purpose.
4. Any changes to scope, cost or timeframes will require departmental approval. Any increased costs associated with the project will be the responsibility of the health service.
5. If only specific elements of an application have been approved (partial funding), the health service must ensure that funds are used only for the approved elements.
6. Where projects are funded from multiple sources, and the additional source of funding is no longer available, the Victorian Government is not obliged to provide any other funding.
7. Inclusion of any consultant fees or staff costs as part of the request for funding from the department will need to be agreed by the department *in advance* of submission.
8. Funding for a replacement asset must be expended by a health service in accordance with the health service notification letter.
9. Plant/engineering infrastructure/medical equipment replacement should require no additional recurrent funding from the department.
10. The health service is to ensure assets put forward for funding under the High Value Statewide Replacement Fund or Specific-purpose capital grant have not been previously funded or already approved for funding from another source.

Asset management

11. To meet compliance obligation under the Asset Management Accountability Framework Health services are required to update medical equipment and engineering registers, asset management registers, maintenance and asset management plans (including for decommissioning and disposing of the item/infrastructure replaced). Health services reporting on asset replacement under the initiative are required to demonstrate financial and asset accountability. All assets replaced under the engineering infrastructure and medical equipment replacement programs will be reviewed against asset investment priorities and risks provided in health service individual asset management plans.
12. Replacement medical equipment items proposed must be approved by the Therapeutic Goods Administration (including any hybrid technologies) and replacement engineering infrastructure and medical equipment are to comply with Australian Standards, regulations and guidelines. Any submissions for replacement of end-of-life gas equipment items should include consideration of electrification accompanied by any additional costs to complete works.

Governance

13. Delivery of asset replacement under this initiative requires works program management, governance and internal controls by health services to be consistent with government project management policies and tailored to the scope and size of the project.

14. Governance arrangements, reporting structures and processes need to be robust and in place to ensure clearly defined roles and responsibilities, leadership, risk recognition and management, performance measure monitoring, integrity, transparency and accountability.

15. Procurement of the approved asset is consistent with the scope agreed and approved by the department and communicated during the procurement phase so that the purchase remains in-scope and procured within agreed timelines.

16. Assets put forward for funding under the High Value Statewide Replacement Fund must have satisfied health service governance requirements including that: projects have been appropriately scoped in accordance with the program requirements; projects have the required internal personnel available to deliver the approved asset; projects can be commenced in the 2024-25 financial year; and project governance and reporting is in place for these individual projects.

17. The project will be directly managed by the health service in a manner that reflects departmental guidelines relating to probity, financial reporting and project acquittal.

High Value Statewide Replacement Fund

18. Engineering infrastructure or medical equipment items dependent on enablers (such as completion of a project) that may delay installation of the medical equipment or commencement of the engineering infrastructure project in the 2024-25 financial year may not be eligible for funding in 2024-25. Where this is potentially the case, the department and the health service will need to discuss the replacement plan further.

Payments and reporting milestones

19. Milestone payments and reporting for Engineering Infrastructure and Medical Equipment replacements:
    - **Milestone 1** - 20% allocation upon returning signed CEO Letter of Acceptance.
    - **Milestone 2** - Completion of statement of requirements / specifications finalised and gone to market.
    - **Milestone 3** - Up to 60% of allocation (inclusive of milestone 1 payment) upon executed contract / laying of purchase order in accordance with the allocation and approved scope. Estimated date of delivery is also required.
    - **Milestone 4** - Up to 10% of (inclusive of milestones 1 and 3 payments) upon notification of installation / commissioning and fully operational.
    - **Milestone 5** - Up to a further 10% (remaining value of contracted amount) in accordance with the allocation and approved scope upon final report and acquittal.

20. Milestone reporting and updates of each project are required monthly. The department requires reporting on health and safety activities related to the project.

21. Payment for replacing equipment /asset is either the allocation or the actual cost, whichever is the least.

22. If the final cost of the approved item is below $300,000 (excluding GST), health services will be required to provide written justification as to why payment should be considered under the High Value Statewide Replacement Fund.

23. Funding may be recalled by the department if projects do not proceed or are not completed in a timely manner.

Procurement

24. If at the time of procurement there is an opportunity for ‘improved technology’ or an increased number of items for the same pricing, then this must be agreed in writing by the department prior to

committing to the purchase. Similarly, any proposed change in scope must be agreed in writing prior to purchase commitment.

25. Health services must comply with government policies and guidelines in their procurement activities including the Social Procurement Framework (where applicable).

26. The department requires health services to work collaboratively with HealthShare Victoria to maximise value-for-money procurement of medical equipment or plant items and deliver the most efficient purchasing arrangements, including bulk purchasing to achieve economies of scale. For further information refer to the procurement and purchasing requirements on the HealthShare Victoria website at https://www.healthsharevic.org.au/

Reporting

27. Project status reporting to the Victorian Health Building Authority (VHBA) is required monthly, agreed project milestones and at the completion of the project.

28. The Victorian Health Building Authority (VHBA) must be notified if there is to be a delay in the procurement of the asset, installation or minor capital works.

Disposal

29. Medical equipment/plant/engineering infrastructure replaced must be decommissioned and disposed of in accordance with appropriate and required standards. For further details on decommissioning and disposal refer to the *Medical equipment asset management framework* at https://www.vhba.vic.gov.au/health/equipment-engineering-upgrades/medical-equipment-replacement-program

30. The finance register, asset register, equipment and engineering registers and asset management plans will be updated by the health service for both the disposal of the replaced asset and the acquisition of the replacement asset, including the date of disposal.

Reporting on the Specific-purpose capital grants

31. Health services must report on assets replaced under these programs as a condition of funding.

32. Reporting on engineering infrastructure and medical equipment replacements for the previous year's Specific-purpose capital grant (2024-25) and any carry forward of funds from previous years that has not been accounted for is required to be submitted on an annual basis via the AIMS 7B system via the health collect portal at https://www.healthcollect.vic.gov.au. In some circumstances off-line reporting may be required, endorsed by the Chief Executive Officer or Chief Financial Officer.

33. Large carry forward of funding should not occur. Health services should discuss with the department the required assets that these funds are carried forward towards.

34. Acquittal of grant funding provided in 2024-25 will be required to be completed by dates instructed by VHBA.

35. Annual reporting helps demonstrate financial and asset accountability, including reporting on the investment against asset management plans and critical risk mitigation achieved. The department will use this reporting for accountability (including potential audits), policy and practice development purposes, and to inform advice to government on program status and requirements.

Communication

Consultation is a key aspect of program management and an opportunity for the department and health services to discuss asset management and the planned replacement of short-lived engineering infrastructure and medical equipment items.

Potential applications to be submitted to the High Value Statewide Replacement Fund should be discussed to understand the rationale for prioritised replacement, including their criticality, service context, the impact of delayed replacement and current risk mitigation strategies. Health services should discuss with the department intended/expected Specific-purpose capital grant deployment including reporting on and carrying forward of grant funding against specific items.

Section A: High Value Statewide Replacement Fund

This initiative replaces critical and highest at-risk plant and engineering infrastructure and medical equipment used in providing acute services in public hospitals. This longstanding 'safety net' initiative enables health services to reduce risk to patients and staff and sustains service availability and continuity. This initiative supports the integration of technological advances by replacing obsolete engineering infrastructure and medical equipment in metropolitan and rural hospitals across the state to adequately meet service and regulatory requirements.

The assessments, prioritisation and allocations are made considering a whole-of-system perspective and prioritised to highest critical risk scores against set criteria.

Governance processes need to be in place to ensure procurement of the approved asset is consistent with the scope agreed and approved by the department and procured within the financial year.

Application requirements

Applications should address planned replacements of highest priority in-scope engineering infrastructure and medical equipment single items greater than $300,000 (excluding GST) representing the most critical risks to the health system consistent with the health service's asset management plan and should demonstrate project readiness.

Health services may lodge multiple applications.

Health services are required to identify the health service priority number for each medical equipment application and, separately, for each engineering infrastructure application submitted. The priority order must be endorsed by the Chief Executive Officer. Priority order must be based on the highest critical risk score to the lowest.

Risk and prioritisation

Critical risk scoring is in accordance with the *Medical equipment asset management framework* (see https://www.vhba.vic.gov.au/health/equipment-engineering-upgrades/medical-equipment-replacement-program) and is built into the proposal template.

Self-assessment sections using the risk-assessment matrix (Appendix 4) enable health services to score critical risk level and weightings prior to the department panel reviewing the assessment against the evidence provided.

Step 1: A summary of critical risk issues associated with the asset is to be assessed by the health service, scoring the likelihood and consequence of risks in the following categories:

Risk assessment categories	Consequence (of asset failure on patient, staff, clinical service)	Likelihood (of the consequence / risk issue identified occurring)
Clinical risk	4 – Extreme 3 – Major 2 – Moderate 1 – Minor 0 – Insignificant	4 – Almost certain 3 – Likely 2 – Possible 1 – Unlikely 0 – Rare
Occupational health & safety risk	As above	As above
Service availability risk	As above	As above

Step 2: the highest score from either the clinical risk weighted assessment score (clinical risk raw score is weighted by 1.25), occupational health and safety risk assessment raw score and service availability risk assessment raw score becomes the critical risk score.

Health services are also required to identify and weight the highest service level that the existing asset supports.

	Weighting (highest service level provided)
Service level weighting	1.6 – statewide (such as major trauma centre, liver/heart transplants)
	1.4 – multiple campuses of health service / service several other hospitals outside of health service/region
	1.2 – critical clinical service area (such as emergency department, operating room, intensive care unit or neonatal intensive care unit) 1.2 – whole of campus/hospital
	1.0 – single area or department

An overall proposal assessment score is then calculated by multiplying the highest critical risk score by the service level weighting. This overall score forms the basis of prioritisation of applications by health services.

Step 3 (Applicable for EIRP only): The engineering applications (shortlisted in Stage 2) will undergo criteria-based evaluations which will include engineering, buildability, comprehensive cost review.

The outcome will determine the final list of allocations.

Fees and costings

When preparing a health service application, the costs are to be contained to the direct renewal works or item replaced.

Engineering infrastructure funding applications must be based on design documentation cost planning developed by consultants and attached to the proposal. Where external consultants are required for a specific project, the department may consider funding consultant fees for design documentation, tender documentation/specification and project management as part of the project cost. Inclusion of any consultant fees or staff costs will need to be agreed by the department in advance.

Medical equipment applications submitted should clearly identify equipment or components of work and should provide an indicative quote.

On-line application requirements

The Victorian Health Building Authority (VHBA) is using a web-based on-line process. The application link will be provided to each of the eligible health services via an email to CEO.

The on-line portal is called *SmartyGrants* and will be the means of providing supporting material for direct allocations and submissions. The web address to seek information about *SmartyGrants* is: www.smartygrants.com.au; you will be required to create a password protected login-in to access the application form. The portal access is located on the https://www.vhba.vic.gov.au/health/equipment-engineering-upgrades/medical-equipment-replacement-program website. Submissions and/or supporting material will not be accepted via email or in any other format.

All applications must be:

- From an eligible health service.
- Endorsed by the Chief Executive Officer.
- Submitted via the on-line portal *SmartyGrants* application form and include relevant supporting documentation (e.g. design drawings, photos, cost plans, quotations and other supporting information).
- Applications greater than $1 million (excluding GST) will need to include full life cycle costings template and more detailed option analysis.
- Applications that are late, incomplete, facsimiled, hand-delivered or delivered by mail will not be accepted. Unless exceptional circumstances apply, applications received after the specified time and date are deemed ineligible for consideration. Health services are encouraged to submit applications prior to the due date.

Technical assistance

Technical assistance regarding completion of the on-line form can be obtained through reviewing https://applicanthelp.smartygrants.com.au/help-guide-for-applicants/ or contacting *SmartyGrants*. via their email address service@smarty.grants.com.au, or calling (03) 9320 6888.

Queries

Projects related queries may be forwarded to MERP&EIRP@health.vic.gov.au

Assessment of applications

Applications will only be considered if they are completed in the requisite format, identifying the health service priority number and with endorsement from the Chief Executive Officer.

Qualifying applications will be assessed and prioritised using the critical risk-based assessment process consistent with Australian Standards and criteria outlined in the *medical equipment asset management framework*. Applications are assessed based on highest critical risk in respect of:

- patient safety
- occupational health and safety
- service continuity.

The prioritisation of the applications will remain critical risk based. As part of panel assessments, the department will review the health service risk assessment scores and weightings based on supporting evidence as outlined in the *Risk and prioritisation* section above and in accordance with the guidelines.

Departmental panels will assess health service applications based on the information provided and scored against critical risk and associated weightings. Project readiness and governance will be considered. The engineering applications (shortlisted in Stage 2) will undergo criteria-based evaluations which will include engineering, buildability, comprehensive cost review.

Health services may be required to provide further information or evidence or to meet with the department to present information as part of the assessment process.

Consultation and advice

Applicants are encouraged to discuss proposed applications by contacting the department at MERP&EIRP@health.vic.gov.au.

Union consultation

For construction projects comprising expansion and/or reconfiguration the Health Agency/Operator will be required to provide a written attestation at completion of the design development phase/gate that the relevant union has been consulted on the design

Department of Health references

- Victorian Health Building Authority - resources and technical guidelines: https://www.vhba.vic.gov.au/resources/technical-guidelines
- Fire Risk Management Unit: https://www.dhhs.vic.gov.au/fire-risk-management-unit

Victorian Government

- Delivery of government funded projects in Victoria: https://www.dtf.vic.gov.au/infrastructure-investment
- Local Jobs First Policy https://localjobsfirst.vic.gov.au/

Commonwealth Policies and Procedures

- Australasian Health Facility Guidelines https://healthfacilityguidelines.com.au/
- Building and Construction Industry (Improving Productivity) Act 2016 <https://www.legislation.gov.au/Details/C2017C00042>
- National Construction Code: https://ncc.abcb.gov.au/

Section B: Specific-purpose capital grants

The grant funding distribution formula is based on health service activity and complexity. The allocations recommended for medical equipment consider activity. In addition, size and age factors that correlate with health service risk profiles are applied for engineering infrastructure.

Grant funding is allocated to replace the highest critical risk (risks to patient safety, occupational health and safety or service availability) medical equipment and essential engineering services infrastructure items/projects.

Health services do not need to apply for the Specific-purpose capital grant.

The level of grant remains conditional on meeting the conditions of funding, which include in-scope, risk-based prioritisation; investment in accordance with health service asset management plans lodged with the department; and reporting. Allocation of the SPCG may be adjusted based on individual health services history of timely expenditure. Equipment planned for replacement using the specific-purpose capital grant should be identified in the health services individual asset management plan as provided to the department and provided in excel format 8-weeks post notification of allocated specific purpose grant. The identified equipment will be reviewed against actual replacements as provided in the 7B reporting.

Health services are advised of their individual Specific-purpose capital grants for engineering infrastructure and medical equipment through the department's payment systems.

Specific-purpose capital grants must be managed and invested in compliance with departmental program conditions of funding, health service or hospital board fiduciary responsibilities and department and government asset management policy requirements.

Funds provided must only be used to replace in-scope engineering infrastructure or medical equipment that has been planned and approved; recording and reporting must be auditable to this end. Health services may consider using the grant for scoping works for highest risk in-scope eligible engineering infrastructure projects. The grant can also be used to replace engineering infrastructure and medical equipment greater than $300,000 (excluding GST), if it is considered by the health service to be the highest risk of all the outstanding in-scope assets.

Grant expenditure should normally be made within the year it is awarded (a 2024-25 grant expended in 2024-25, for example). In some cases, health services may need to set aside funds to stage or fund prioritised replacements over several years to enable the Specific-purpose capital grant to deliver the best outcomes.

Eligible replacement items

For eligible in-scope items refer to *General eligibility criteria* and Appendix 1. For ineligible and excluded items refer to Appendix 2. Health services with funding from other department funding sources for engineering infrastructure and medical equipment are excluded.

Reporting

Reporting on engineering infrastructure and medical equipment replacements for the previous year's grants and any carry forward of funds from previous years that has not be accounted for is required to be submitted as a part of the annual cycle.

Acquittal of grant funding provided in 2024-25 will be required to be completed as advised by VHBA.

The reporting is to be completed via the Agency Information Management System (Annual Return 7B) at https://www.healthcollect.vic.gov.au. The content will include eligible in-scope items purchased and

assets renewed/replaced related to expenditure of the Specific-purpose capital grant. Any funding carried forward from previous years will also need to be identified, along with updates on expenditure, to ensure the information is accurate. Items funded by the High Value Statewide Replacement Fund or purchased with funding from other sources are *not* to be included in the reporting.

Large carry forward of funding should not occur. Health services should discuss with the department the required assets that these funds are carried forward towards.

Health services will be required to provide updates on the progress on expenditure of grants, where required.

Health services may be required to provide information on the installation of new gas infrastructure and equipment, as well as the electrification of gas infrastructure and equipment.

Off-line reports may be required by the department for updating expenditure of grants.

Reporting requires consistency with the acquittal in the asset management plans.

Section C: Asset management plans

The Victorian Government's requirements for asset management are outlined in the *Asset management accountability framework* that was introduced in February 2016 to assist agencies to optimise their asset holdings and support delivery of services for Victoria (see https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

As reporting entities under the *Financial Management Act 1994*, health services are also required to keep and update asset registers that may include specific engineering infrastructure and medical equipment registers. Health services must prepare a multi-year asset management plan. All high-value engineering infrastructure and high-value medical equipment should be added to the asset management plan regardless of the replacement date or ownership status.

Asset management plans for engineering infrastructure and medical equipment are essential for health services' whole-of-life asset planning and management. All asset management plans are to provide information on the assets, potential year for replacement and estimated costs.

It is recognised that asset management is an area of growing capability for health services.

Asset management plans should be consistent with the *Asset management accountability framework* and the *medical equipment asset management framework* which is broadly applicable to all asset classes, and the health service's role in the statewide service system. They should also be appropriate to health services' asset management requirements, and should promote service delivery optimisation, rationalisation and/or changes using innovation.

Please note: All health services are to lodge their current asset management plan with department of health.

Appendix 1: Eligible and in-scope items

Appendix 1A: Medical Equipment Replacement Program – High Value Statewide Replacement Fund - Eligible in-scope items

Assets considered for replacement are existing *single* items to sustain current services only, costing more than $300,000 (excluding GST).

Aggregates of single items such as low-cost high-volume items or systems of medical equipment are excluded from the High Value Statewide Replacement Fund.

Installation and infrastructure works are not funded as part of the High Value Statewide Replacement Fund, but health services may consider using the Specific-purpose capital grant to fund the installation works.

Major technical upgrades to existing imaging equipment may be considered for funding where the benefits and extension of effective life can be demonstrated.

The following assets are some examples of the in-scope medical equipment items for funding consideration.

Contact MERP&EIRP@health.vic.gov.au if clarification is required.

1. Imaging	• Transoesophageal echocardiograms
	• General x-ray (imaging unit only)
	• Angiography
	  ○ Imaging unit, gantry
	  ○ Patient table, operator console and displays
	  ○ Control circuit cabinets and computer
	• Fluoroscopy unit
	  ○ Imaging unit
	  ○ Patient table, operator console and displays
	  ○ Control circuit cabinets and computer
	• Cardiac catheter laboratory
	  ○ Imaging unit, x-ray gantry (C-arm)
	  ○ Patient table, x-ray control cabinets
	  ○ Operator console and displays
	  ○ X-ray image display screens and mounting hardware
	  ○ Haemodynamic monitor, including displays, contrast media injector
		• Image intensifier (imaging unit only)
		• Mammography units (imaging unit only)
		• Computed tomography (CT)
		  ○ Imaging unit, gantry
		  ○ Patient table, operator console and displays
		  ○ Control circuit cabinets and computer
		• Magnetic resonance imaging (MRI)
		  ○ Imaging unit, gantry,
		  ○ Patient table, operator console and displays
		  ○ Control circuit cabinets and computer
		  ○ RF Coils
		  ○ Injectors
		MRI compatible associated equipment such as anaesthetic unit and monitoring equipment will be assessed on a case-by-case basis and must be outlined in the submission proposal.

2. Nuclear medicine	• Gamma camera • SPECT-CT gamma camera • Positron emission tomography – CT (PET-CT)	In-scope for nuclear medicine equipment • *Imaging unit, gantry* • *Patient table, operator console and displays* • *Control circuit cabinets and computer*
3.Operating room	• Operating room microscopes	• Stereotactic units (neurosurgical or orthopaedic)
4. Sterilising and disinfecting units	• Steriliser	• Disinfecting unit

Health services should consider the requirements of bariatric patients when replacing equipment outlined above.

Note: Components that are not in scope and/or have not been agreed prior to the acceptance of allocation will not be funded.

Appendix 1B: Medical Equipment Replacement Program – Specific-purpose capital grant - Eligible in-scope items

Replacements of existing owned assets under the Specific-purpose capital grant (less than $300,000 per item) are to sustain existing services only. The following assets are some examples of the in-scope medical equipment items for funding consideration.

Health services may consider using their Specific-purpose capital grant for installation and infrastructure works associated with medical equipment approved under the High Value Statewide Replacement Fund.

The grant can also be used to replace medical equipment greater than $300,000 (excluding GST) if the health service considers it to be the highest risk of all the outstanding in-scope assets.

Major technical upgrades to existing imaging equipment may be considered for funding where the clinical benefits and extension of effective life are demonstrated.

1.	Anaesthetic units		
2.	Apheresis units		
3.	Beds, trolleys, couches, specialised chairs and wheelchairs	• Fully ergonomic electric beds (includes intensive care unit (ICU), bariatric and other specialised beds) • Fully ergonomic electric patient coaches *(must comply with the Victorian Nurse Back Injury Program)*	• Fully ergonomic electric patient trolleys *(must comply with the Victorian Nurse Back Injury Program)* • Patient chairs – specialised (ICU) • Specialised high-cost wheelchairs (such as stroke, ICU, bariatric)
4.	BiPAP/CPAP units		
5.	Defibrillators		
6.	Electrosurgical units (ESU)		
7.	Endoscopic/laparoscopic towers		
8.	Heart–lung bypass units		
9.	Hemofiltration and hemodiafiltration units		
10.	Imaging	• Angiography unit • Cardiac catheter laboratory • Computed tomography (CT) scanner • Fluoroscopy unit • Gamma camera • Image intensifier • Magnetic resonance imaging (MRI) unit • Mammography unit	• Positron emission tomography – computed tomography (PET-CT) • Single photon emission computed tomography – computed tomography (SPECT-CT) – gamma camera • Transoesophageal echocardiograms • Ultrasound units • X-ray units
11.	Infant incubators		
12.	Lasers		
13.	Microscope surgical		
14.	Monitors	• Physiological monitoring systems • Electrocardiograph (ECG) recorders, 12-lead • Transport monitors	• Cardiotocographs (CTG) • Telemetry units
15.	Operating room tables		
16.	Patient lifting equipment	*(must comply with the Victorian Nurse Back Injury Program)*	
17.	Pumps	• Infusion pumps, general purpose volumetric • Infusion pumps, patient care analgesia (PCA)	• Infusion pumps, epidural • Syringe drivers
18.	Scopes	• Bronchoscopes • Colonoscopes • Cystoscopes	• Rhinofibrescopes • Gastroscopes
19.	Sterilisers		
20.	Stereotactic units		
21.	Ventilators		
22.	Washer disinfector units		

Appendix 1C: Engineering Infrastructure Replacement Program – High Value Statewide Replacement Fund and Specific-purpose capital grant – Eligible in-scope items

Replacements of existing owned engineering infrastructure assets under the High Value Statewide Replacement Fund and Specific-purpose capital grant are to sustain existing services only. The following assets are examples of the in-scope items for funding consideration. Infrastructure/assets considered for replacement through the High Value Statewide Replacement Fund are single items costing more than $300,000 (excluding GST). Aggregated items are excluded from the High Value Statewide Replacement Fund.

Health services may consider the use of the Specific-purpose capital grant for scoping of highest risk eligible engineering infrastructure projects. The grant can also be used to replace engineering infrastructure greater than $300,000 (excluding GST) if the health service considers it to be the highest risk of all the outstanding in-scope assets.

1. Air-conditioning	• Air handling unit • Chiller • Condensing unit – direct expansion (D-X) plant	• Control system • Cooling towers • Ductwork	• Heat rejection unit • Reticulation
2. Communications systems	• Nurse call • Private automatic branch exchange (PABX)	• Voice over internet protocol (VOIP) (telephone system) Note: handsets for telephony systems are excluded	• Two-way radio communication for clinical emergencies
3. Electrical services	• Body protection • Emergency generator • Emergency lighting • Generator switchboard	• Main switchboard • Mains high voltage • Mains low voltage • Mechanical board	• Submain cabling • Transformer • Uninterruptible power supply (UPS)

4. Fire	• Communication system
	  ○ EWIS (emergency warning intercommunication system)
	  ○ WIP (warden intercommunication phone)
		• Detection
		• Exit signage
		• Fire indicator panel
			• Fire, smoke separation
			• Sprinkler system

5. Fuel	• Liquefied petroleum gas (LPG)	• Natural gas	
6. Hazardous materials	• Removal of high-risk materials, friable asbestos		
7. Heating	• Air handling unit • Calorifier • Control system	• Domestic hot water boiler • Domestic hot water temperature control • Heating hot water boiler	 • Reticulation • Steam boiler
8. Medical	• Medical Gas	• Medical Breathing Air	• Suction /Vacuum
9. Sewer	• Sewer system		

10. Transportation	• Lift (upgrades/modernisation, controls)	
11. Water	• Cold water main	• Filtration/softener

Appendix 2: Ineligible and excluded items

Excluded are replacements that do not relate to existing services or are an expansion of the asset base: are not at end of life; paying out leases or replacement of assets on short leases; second hand assets; assets already purchased; additional or 'new' medical equipment or 'new' facility infrastructure works; works beyond partial replacements (renewal); refurbishments, fit-outs, maintenance, minor non-capital repairs, resourcing or the like; furniture, fittings and equipment; redevelopment or recent capital projects; and projects occurring in a number of different floors/buildings and infrastructure already purchased.

Funding is also not available for additional assets (additional to existing item requiring replacement) or for expansion of service, including any supporting infrastructure. Where there has been a change of ownership from private / leased items to health service ownership, the health service must provide supporting documentation to demonstrate that the asset is at end of life and when the asset was acquired by the health service.

Funding is only available for acute services in public hospitals and excludes non-acute aged care, subacute, rehabilitation, dental health and mental health.

Medical equipment	Engineering infrastructure
1. Non-medical equipment items, for example, 'new technology equipment' such as implantable devices, plant, specialised furniture (fridges/freezers) and specialised fittings (such as operating-room lights), pan flushers, ovens, dishwashers, information technology equipment, robotics, automation	1. Plant/infrastructure items not of highest critical risk to life safety and/or business continuity
2. Medical equipment for additional items (as opposed to direct replacement) or linked to expansion of service, or part of a recent capital project, fit-out of an area to install replacement equipment, or public–private partnership is not eligible for funding	2. Building refurbishments including floor coverings; roof replacements, gutters, balconies; building fabric (internal and external) such as brickwork or concrete repair works, tunnels, windows, painting; bathroom-related items
3. Infrastructure items, installation related to medical equipment (note the Specific-purpose capital grant may be considered for installation works), infrastructure maintenance works, vinyl/carpet repairs or painting	3. New works, refurbishment or extensions to buildings
4. Radiotherapy equipment items (such as linear accelerators and computed tomography (CT) planners / simulators)	4. Non-clinical support areas: infrastructure works to non-acute areas or non-critical areas (administration, non-clinical, consulting suites)
5. Medical equipment items additional to the current base	5. Maintenance works
6. Medical equipment items not of the highest critical risk levels	6. Car park, roads, paths, paving and landscaping, stormwater
7. Recent capital projects, or those that are part of public–private partnerships	7. Recent capital projects or those that are part of public–private partnerships
8. Picture archive communication systems (PACS) and clinical information systems, other information management systems or related information technology infrastructure	8. Non-clinical support areas such as laundry, kitchens / food services, supply, administration, waste handling areas
9. Medical equipment that is part of Breast Screen	9. Information management systems, information technology infrastructure
10. Non-acute medical equipment. Such as physiotherapy equipment, patient scales, humidifiers, patient warmers, standard low-cost wheelchairs.	10. Security systems (closed circuit television (CCTV), door access systems, master key) and master antenna television (MATV), two-way radio communication for security
11. Recurrent or operating costs associated with equipment	11. Recurrent or operating costs associated with plant and infrastructure
12. Aggregated items: for example, surgical instruments, thermometers, suction units (tracheal)	12. Fire management systems for property protection (hydrants, hose reels)
13. Other equipment including haemodialysis units, operating-room lights, pathology equipment (such as centrifuges)	13. Pools (hydrotherapy pools)
14. Hybrid theatres	14. Ceiling tracking systems
15. Positron emission tomography – magnetic resonance (PET-MR)	15. Aggregation of projects from multiple areas/buildings/campus or infrastructure such as electrical distribution boards
	16. Handsets for telephony systems

Appendix 3: MERP & EIRP Eligible Health Services

Eligible health services – for high value submissions

These 75 public health services and agencies are eligible to apply to the 2024-25 Medical Equipment and Engineering Infrastructure Fund.

Note: Operational PPP sites will be excluded depending on current agreements in place.

Eligible Health Services
Albury Wodonga Health
Alexandra District Health
Alfred Health
Alpine Health
Austin Health
Bairnsdale Regional Health Service
Barwon Health
Bass Coast Health
Beaufort and Skipton Health Service
Beechworth Health Service
Benalla Health
Bendigo Health
Boort District Health
Casterton Memorial Hospital
Central Gippsland Health Service
Central Highlands Rural Health
Cohuna District Hospital
Colac Area Health
Corryong Health
Dhelkaya/ Castlemaine Health
Djerriwarrh Health Service
East Grampians Health Service
East Wimmera Health Service
Eastern Health
Echuca Regional Health
Gippsland Southern Health Service
Goulburn Valley Health
Grampians Health
Great Ocean Road Health
Heathcote Health
Hesse Rural Health Service
Heywood Rural Health
Inglewood and Districts Health Service

Kerang District Health
Kilmore and District Hospital
Kooweerup Regional Health Service
Kyabram and District Health Services
Latrobe Regional Hospital
Mallee Track Health and Community Service
Mansfield District Hospital
Maryborough District Health Service
Melbourne Health
Mercy Health
Mildura Base Hospital
Monash Health
Moyne Health Services
NCN Health
Northeast Health Wangaratta
Northern Health
Omeo District Health
Orbost Regional Health
Peninsula Health
Peter MacCallum Cancer Institute
Portland District Health
Robinvale District Health Services
Rochester and Elmore District Health Service
Royal Children's Hospital
Royal Victorian Eye and Ear Hospital
Royal Women's Hospital
Rural Northwest Health
Seymour Health
South Gippsland Hospital
South West Healthcare
St Vincent's Hospital
Swan Hill District Health
Tallangatta Health Service
Terang and Mortlake Health Service
Timboon and District Healthcare Service
West Gippsland Healthcare Group
West Wimmera Health Service
Western District Health Service
Western Health
Yarram and District Health Service
Yarrawonga Health

Yea and District Memorial Hospital

Appendix 4: Risk matrices

Scoring is based upon the sum of the consequence and likelihood.

For detailed information related to critical risk determination and condition assessment refer to the *Medical equipment asset management framework* – Part C access via https://www.vhba.vic.gov.au/health/equipment-engineering-upgrades/medical-equipment-replacement-program)

Table A ‘Clinical risk’ determined by consequence and likelihood values

Clinical Risk

				Likelihood				
				Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
				□ No demonstrated history of event □ Possible in exceptional circumstances □ Has occurred less frequently as every 3 years	□ Has occurred somewhere □ Has occur at least once every 3 years	□ Has occurred with this asset □ Has occur at least 1 time in a year	□ Has occurred more than once with this asset □ Has occurred at least 2-3 times in a year	□ History of increasing failure □ Has occur more than 3 times in a year
			Evidence of risk		□ Media report of incident □ Published hazard report (eg TGA, ECRI)	□ Service history of asset(s) showing occurrence of risk □ Incident report showing occurrence of risk	□ Service history of asset(s) showing more than 1 occurrence of risk □ Incident reports showing more than 1 occurrence of risk	□ Service history of asset(s) showing multiple occurrences of risk □ Incident reports showing multiple occurrences of risk
Consequence	**Extreme**	□ Unexpected death □ Reportable Sentinel Event	□ Sentinel Event report □ Root Cause Analysis of event or near miss □ Health service incident report showing occurrence of risk or near miss	**Level 2**	**Level 2**	**Level 1**	**Level 1**	**Level 1**
	Major	□ Permanent disabling injury (sensory, motor, physiological, intellectual) unrelated to patient illness	□ Health service incident report showing occurrence of risk or near miss	**Level 3**	**Level 2**	**Level 2**	**Level 1**	**Level 1**
	Moderate	□ Temporary loss OR permanent lessening of bodily function (sensory, motor, physiological, intellectual) unrelated to the natural course of patient’s illness	□ Health service incident report showing occurrence of risk or near miss	**Level 4**	**Level 3**	**Level 2**	**Level 2**	**Level 1**
	Minor	□ Increased treatment or investigations, but not admission of outpatient □ Requires increased length of stay for inpatient	□ Health service incident report showing occurrence of risk or near miss	**Level 4**	**Level 4**	**Level 3**	**Level 3**	**Level 2**
	Insignificant	□ Minor injury requiring first aid □ Near miss	Nil	**Level 4**	**Level 4**	**Level 4**	**Level 3**	**Level 3**

Table B ‘OH&S risk’ determined by consequence and likelihood values

Scoring is based upon the sum of the consequence and likelihood.

OH&S

Consequence				Likelihood				
				Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
				□ No demonstrated history of event □ Possible in exceptional circumstances □ Has occurred less frequently than every 3 years	□ Has occurred somewhere □ Has occurred at least once every 3 years	□ Has occurred with this asset □ Has occur at least 1 time in a year year	□ Has occurred more than once with this asset □ Has occurred at least 2-3 times in a year	□ Is expected to re-occur in a short period of time □ History of increasing failures □ Has occur more than 3 times in a year
			Evidence of risk		□ Media report of incident □ Published hazard report (eg TGA, ECRI)	□ Service history of asset(s) showing occurrence of risk ☐ Incident report showing occurrence of risk	□ Service history of asset(s) showing more than 1 occurrence of risk □ Incident reports showing more than 1 occurrence of risk	□ Service history of asset(s) showing multiple occurrences of risk □ Incident reports showing multiple occurrences of risk
	Extreme	□ Death of staff or visitor	□ Sentinel Event report □ Root Cause Analysis of event or near miss □ Health service incident report showing occurrence of risk or near miss	**Level 2**	**Level 2**	**Level 1**	**Level 1**	**Level 1**
	Major	□ Permanent disabling injury (sensory, motor, physiological, intellectual)	□ Health service incident report showing occurrence of risk or near miss	**Level 3**	**Level 2**	**Level 2**	**Level 1**	**Level 1**
	Moderate	□ Temporary loss or permanent lessening of bodily function (sensory, motor, physiological, intellectual)	□ Health service incident report showing occurrence of risk or near miss	**Level 4**	**Level 3**	**Level 2**	**Level 2**	**Level 1**
	Minor	□ Treatment/investigations but not admission to hospital □ Lost time due to injury □ Restricted duties due to injury	□ Health service incident report showing occurrence of risk or near miss	**Level 4**	**Level 4**	**Level 3**	**Level 3**	**Level 2**
	Insignificant	□ Minor injury requiring first aid □ Near miss	Nil	**Level 4**	**Level 4**	**Level 4**	**Level 3**	**Level 3**

Table C 'Service availability risk' determined by consequence and likelihood values

Scoring is based upon the sum of the consequence and likelihood.

Service Availability

			Likelihood				
			Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
			No known history of event Possible in exceptional circumstances has occurred less frequent than every 3 years	Has occurred somewhere Has occured at least once every 3 years	Has occurred with this asset Has occurred 1 time per year	Has occurred more than once with this asset Has occurred at least 2-3 times per year	Is expected to re-occur in a short period of time History of increasing failures Has occur more than 3 times per year
		Evidence of risk		Media report of incident Published hazard report (eg TGA, ECRI)	Service history of asset(s) showing occurrence of risk Incident report showing occurrence of risk	Service history of asset(s) showing more than 1 occurrence of risk Incident reports showing more than 1 occurrence of risk	Service history of asset(s) showing multiple occurrences of risk Incident reports showing multiple occurrences of risk
Consequence	**Extreme**	Complete loss, or indefinate closure, of clinical service Loss of an essential service resulting in shut down of a service, unit or facility	**Level 2**	**Level 2**	**Level 1**	**Level 1**	**Level 1**
	Major	Major impairment to clinical service Multiple cancellations of surgery Closure of more than 1 operating theatre or critical care bed Major damage to 1 or more services or departments afffecting the whole facility	**Level 3**	**Level 2**	**Level 2**	**Level 1**	**Level 1**
	Moderate	Moderate increase in waiting times for extended period Moderate decrease in throughput for extended period Closure of 1 operating theatre or critical care bed Disruption to 1 service or department for 4 to 24 hours	**Level 4**	**Level 3**	**Level 2**	**Level 2**	**Level 1**
	Minor	Temporary reduced efficiency Temporary reduced throughput Closure or disruption of a service for less than 4 hours - managed by alternative routine procedures	**Level 4**	**Level 4**	**Level 3**	**Level 3**	**Level 2**
	Insignificant	Minimal or No destruction or damage to property. No effect on service	**Level 4**	**Level 4**	**Level 4**	**Level 3**	**Level 3**

222 Exhibition Street
Melbourne 3000
VIC Australia

GPO Box 4057
Melbourne 3001
VIC Australia

vhba.vic.gov.au

facebook.com/**vhba**
linkedin.com/company/**vhba**
x.com/**vhba**
youtube.com/**@VHBA_VicGov**

Victorian Health Building Authority

VICTORIA State Government