

# NT PHN Payment Terms and Conditions



This document outlines NT PHN's Standard Payment Terms and Conditions for contracted Services or Activities which are to be paid on a schedule basis as indicated in your Agreement.

## Key Terms

For the purposes of this Schedule the following definitions apply:

Term	Definition
<b>Agreement</b>	The negotiated legally binding documentation between the provider and NT PHN.
<b>Funds</b>	The monies paid by NT PHN to the Provider for the provision of services under a contract. Also known as Fees.
<b>Provider</b>	The organisation contracted by NT PHN to deliver services. Also known as Contractor.
<b>Recipient</b>	Northern Territory PHN (NT PHN). Also known as the Principal.
<b>Recipient-Created Tax Invoice (RCTI)</b>	A tax invoice issued by the Recipient for Services for payment of contracted services.
<b>Services</b>	The taxable supply of services or activities which NT PHN contracts the Provider to deliver.

## Personnel Costs

Includes all costs associated with employment or contractors of personnel directly involved in delivering the program or activities including wages and on-costs, recruitment, travel and accommodation, professional development, and professional registration fees.

## Program Delivery Costs

Costs directly related to implementing the program or activity including postage, supplies, program / activity specific resources or materials, consumables, equipment, publicity or promotion.

## Administration Costs

Administration costs are indirect costs not directly related to delivery of the program but necessary to the operation of the organisation. Items considered within the scope of the

administration fees are: rent, insurance, legal fees, financial management, general fundraising expenses, management cost and IT.

The allowable percentage for administration costs will be stated in the Program Agreement and is generally up to 20% of the combined Personnel and Program Delivery Costs unless stated otherwise. Administration costs for Outreach Health Services Program Agreements must not exceed 15% of total funding.

Any queries about the funding allocation including the administration allowance should be discussed with the NT PHN Program or Contract Manager.

**Providers can choose to be paid on either an RCTI or claim arrangement as follows:**

Recipient-Created Tax Invoice (RCTI) Arrangement	Invoice Agreement
<p>Where the Provider has formally consented to enter into an RCTI Arrangement with NT PHN the following conditions apply:</p> <ul style="list-style-type: none"> <li>• NT PHN will issue tax invoices in respect of the Services or activities.</li> <li>• The Provider will not issue tax invoices in respect of these Services.</li> <li>• The Provider is registered for GST.</li> <li>• The Provider will notify NT PHN if it ceases to be registered for GST.</li> <li>• NT PHN will issue the original or a copy of the RCTI to the Provider within 28 days of making.</li> </ul>	<p>Where NT PHN has not entered into an RCTI Arrangement with the Provider for the contracted activity the following conditions apply:</p> <ul style="list-style-type: none"> <li>• The Provider will issue a correctly rendered <a href="#">tax invoice</a> as per the requirements of the Australian Taxation Office and in accordance with details outlined in Agreement.</li> <li>• The invoice must clearly state the service delivery period the claim relates to.</li> </ul>

### Treatment of Underspends

If NT PHN become aware of significant underspend, NT PHN may withhold payments for that agreement. If the provider can demonstrate financial improvement through supplying an additional Income and Expenditure report (outside the two 6-month reports required), then NT PHN may release the payment.

Once the End of Agreement or 30 June Income and Expenditure report is submitted, NT PHN will assess the result. NT PHN may issue a tax invoice at the end reporting period to recover Unspent and Uncommitted Funds. The provider will be given the opportunity to pay the invoice or request an offsetting arrangement. If the provider does not pay the invoice by due date, NT PHN will implement an offsetting arrangement.

An offsetting arrangement is to set-off or deduct any amounts payable to the provider against any amounts the provider owes to NTPHN. No variations to other agreements are required to reflect the reduction in payment amounts.

NT PHN uses a variety of payment options described below, your payment type will be outlined in the Agreement:

Payment Options	Description	Payment Terms & Conditions
<b>Fee for Service</b>	<p>Payment for completed service delivery including direct client consults.</p> <p>Payment can be at any frequency (Eg. weekly, monthly, quarterly).</p>	<p>This payment can be made RCTI or on receipt of a correctly rendered tax invoice.</p> <p>RCTI payments are based on other reporting requirements (Eg. Trips in POSM)</p> <p>Fee terms can be hourly, sessional or group etc. and are specified in the Agreement.</p> <p>The Program Agreement will specify Maximum Funds in the following types:</p> <ul style="list-style-type: none"> <li>• Annual capped amount.</li> <li>• NT PHN reserve the right to cap expenditure with 30 days notice to provider.</li> <li>• Not exceed allocated referrals/trips assigned.</li> </ul>
<b>Fixed Payment in Advance</b>	<p>Fixed annual amount paid quarterly.</p> <p>This option is used for majority of program agreements.</p>	<p>Paid quarterly on the 15th day in the first month of the quarter (July, October, January, April) for services delivered in the quarter.</p> <p>Paid on RCTI or on receipt of a correctly rendered tax invoice.</p> <p>Amounts as per payment schedule in the Agreement.</p>
<b>Payment on Reimbursement to a Fixed Annual Amount</b>	<p>Payment on reimbursement to a fixed annual amount. Payment can be at any frequency (Eg. weekly, monthly, quarterly).</p> <p>This option is used for providers upon request or as a requirement based on NT PHN discretion.</p>	<p>Paid on receipt of a correctly rendered tax invoice.</p> <p>Total capped amount for each financial year is stated in the contract.</p>
<b>Milestone payments</b>	<p>Payment to a provider upon completion of service deliverable or other agreed milestones including execution of Agreement.</p> <p>Commonly used for projects and establishment payments.</p>	<p>This payment can be made RCTI or on receipt of a correctly rendered tax invoice on completion of milestone.</p> <p>Milestones and deliverables are negotiated with the provider and outlined in the Agreement.</p>