



Date sent to MO:03/04/2019 (by email)

To: Minister Hunt

Subject: COMPREHENSIVE CHILDREN'S CANCER CENTRE AT SYDNEY
CHILDREN'S HOSPITAL, RANDWICK

Recommendations:

1. Agree to provide the revised Project Agreement to the New South Wales Government for the planning, design and construction of the Comprehensive Children's Cancer Centre at Sydney Children's Hospital (Attachment A). 1. Agreed/Not agreed/Please discuss
2. Sign the letter to the New South Wales Minister for Health, the Hon Brad Hazzard MP at Attachment B. 2. Signed/Not signed/Please discuss

Signature

Date:

Comments:

Contact Officer:	<i>Tania Rishniw</i>	<i>First Assistant Secretary, Portfolio Strategies Division</i>	Ph: (02) 6289 3944. s22
Clearance Officer:	<i>Caroline Edwards</i>	<i>Deputy Secretary, Health Systems Policy and Primary Care</i>	Ph: (02) 62891235 s22

Issues:

1. On 28 February 2019, your office was provided with a draft bilateral Project Agreement with the New South Wales Government for a Commonwealth contribution to the Comprehensive Children's Cancer Centre (CCCC) at Sydney Children's Hospital, Randwick (MS19-900059 refers).
2. The Agreement was not executed by the NSW Health Minister, the Hon Brad Hazzard MP, prior to the state election.
3. In the interim, the annual funding appropriations for the project were revised and announced in the Federal Budget.
4. Under the revised costing, funding of \$100 million will be provided over three years from 2022-23 through the Community Health and Hospitals Program (CHHP) for the planning, design and construction of the CCCC. The Project Agreement required amendment to reflect the changed financials. A revised bilateral Project Agreement is provided at **Attachment A**.
5. The Australian Government Solicitor has determined that this proposal attracts **low** constitutional and legislative authority risk.

Background: On 12 December 2018, the Prime Minister announced the CHHP, which will provide \$1.25 billion over four years to fund projects and services in every state and territory. Activities will support patient care, while reducing pressure on community and hospital services in key areas including specialist hospital services and critical health infrastructure such as cancer treatment.

Following the Prime Minister's announcement, state and territory governments were invited on

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24 December 2018 to submit expressions of interest by 1 February 2019.

The New South Wales Government submitted a proposal seeking co-funding for the planning, design and construction of the CCCC (**Attachment C**) through this process. This proposal addresses the policy objectives of the CHHP. It is underpinned by evidence of stakeholder engagement and collaboration, and appears to make efficient and effective use of funds.

Attachments:

A: Project Agreement

B: Letter to the New South Wales Minister for Health, the Hon Brad Hazzard MP.

C: New South Wales funding proposal for the CCCC.

Budget/Financial Implications:

The table below provides funding appropriations as agreed by the Department of Finance:

	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Comprehensive Children's Cancer Centre	0.0	0.0	0.0	0.0	-20.0	-30.0	-50.0

The Project Agreement includes projected high level outcomes linked to milestone payments.

Relevance to Election Commitments / Budget Measures:

The CHHP is part of 2018-19 Mid-Year Economic and Fiscal Outlook (MYEFO) measure. The CCCC project was announced in the 2019-20 Budget 'Supporting Our Hospitals – CHHP' measure.

Sensitivities: The Department of Prime Minister and Cabinet and Treasury have previously outlined concerns with finalising a Project Agreement in 2018-19 for the full funding amount to 2024-25. Their preferred approach was for a Project Agreement to be established during 2019-20. This would allow more detailed milestones to be developed, however would not provide the same level of certainty to the NSW government.

The department has undertaken a basic value for money assessment, and drafted the Project Agreement, based on the available high level information provided in NSW's proposal at **Attachment C** only. The department will seek to establish more robust funding milestones and mechanisms to ensure appropriate reporting and achievement of key performance indicators as the project progresses.

Consultations: Budget Branch, Legal Services Branch, Australian Government Solicitor, Treasury and the Department of Prime Minister and Cabinet.

Regulatory Burden Implications and/or Deregulation Opportunities:

Not relevant.

Communication/Media Activities: N/A

State/Territory Engagement: The New South Wales Ministry of Health has previously provided comments on the draft Project Agreement, which have been incorporated.

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Impact on Rural and Regional Australians: CCCC will benefit all children in New South Wales living with cancer, including those in rural and regional areas. Research outcomes will be shared nationally to improve paediatric cancer treatment and care for all Australian children.

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THE FREEDOM OF INFORMATION ACT 1982 (CTH)
BY THE DEPARTMENT OF HEALTH

PROJECT AGREEMENT FOR THE COMPREHENSIVE CHILDREN'S CANCER CENTRE AT SYDNEY CHILDREN'S HOSPITAL, RANDWICK

An agreement between:

- the Commonwealth of Australia; and
- the State of New South Wales

The output of this project will be the planning, design and construction of the Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick.

Project Agreement for the Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick

OVERVIEW

1. This Project Agreement (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.

Purpose

2. This Agreement will support the delivery of the planning, design and construction of the Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick.

Reporting Arrangements

3. New South Wales will report against the agreed milestones during the operation of this Agreement, as set out in Part 4 – Project Milestones, Reporting and Payments.

Financial Arrangements

4. The Commonwealth will provide an estimated total financial contribution to New South Wales of \$100 million, exclusive of GST in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

5. This Agreement constitutes the entire agreement for this project.

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and New South Wales.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and New South Wales sign it and will expire on 30 June 2025 or on completion of the project, including final performance reporting and processing of final payments against milestones, unless terminated earlier or extended as agreed in writing by the Parties.

PART 2 – PROJECT OUTPUTS

Outputs

8. The outputs of this Agreement will be:

- (a) Infrastructure planning and design for integrated acute services and Comprehensive Children's Cancer Centre building; and
- (b) Construction of the Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

Role of the Commonwealth

9. The Commonwealth will be responsible for:

- (a) monitoring and assessing achievement against milestones in the delivery of the planning, design and construction of the under this Agreement to ensure that outputs are delivered within the agreed timeframe;
- (b) providing a consequent financial contribution to New South Wales to support the implementation of this Agreement;
- (c) in accordance with the *Building and Construction Industry (Improving Productivity) Act 2016*, ensuring that financial contributions to a building project or projects as defined under the Fair Work (Building Industry – Accreditation Scheme) Regulations 2016 are only made where a builder or builders accredited under the Australian Government Building and Construction Work health and Safety (WHS) Accreditation Scheme is contracted; and
- (d) ensuring that compliance with the Code for the Tendering and Performance of Building Work 2016 (Building Code 2016) is a condition of Australian Government funding.

Role of New South Wales

10. New South Wales will be responsible for:

- (a) providing a financial contribution to support the implementation of this Agreement, through the \$720 million redevelopment of the Randwick Health and Education Precinct (also co-funded with the University of New South Wales);
- (b) all aspects of delivering on the project outputs set out in this Agreement;
- (c) reporting on the delivery of outputs as set out in Part 4 – Project Milestones, Reporting and Payments;
- (d) ensuring that only a builder or builders accredited under the Australian Government Building and Construction WHS Accreditation Scheme is contracted, and providing the necessary assurances to the Commonwealth; and
- (e) ensuring that compliance with the Building Code 2016 is made a condition of tender for and performance of building work by all contractors and subcontractors, and providing the necessary assurances to the Commonwealth.

11. New South Wales will also be responsible for ensuring that, for the purposes of practical completion, construction projects will:
 - (a) be complete and free from defects or omissions, except for defects or omissions that are minor in nature, that New South Wales cannot reasonably fix, or by fixing, will significantly inconvenience users of the works;
 - (b) not cause any legal or physical impediment to the use and occupation of the property and the works for the designated use; and
 - (c) be fit for the designated use.

Shared roles

12. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA FFR, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under this Agreement, and that the roles of both Parties will be acknowledged and recognised appropriately.

PART 4 – PROJECT MILESTONES, REPORTING AND PAYMENTS

13. Table 1 summarises the milestones for the project, their relationship to the outputs, expected completion dates, relevant reporting dates and expected payments to be made. The Commonwealth will make payments subject to the annual performance report demonstrating the relevant milestone has been met.

Table 1: Performance requirements, reporting and payment summary

Outputs	Performance milestones or benchmarks	Report due	Payment
Infrastructure planning and design for integrated acute services and Comprehensive Children's Cancer Centre building.	Identification of strategic context, business case and external stakeholder involvement. Development of project scope, budgets, procurement strategy, governance structures, delivery method.	30 July 2022	\$20.0m
Construction of Comprehensive Children's Cancer Centre building.	Contract awarded and commencement of site works.	31 July 2023	\$30.0m
	Construction complete and certificate of occupancy issued.	1 February 2025	\$50.0m

14. If a milestone is met in advance of the due date, where the relevant performance report demonstrates that the milestone has been met, the Commonwealth may make the associated

payment earlier than scheduled provided it falls within the same financial year as the original milestone date.

Reporting arrangements

15. New South Wales will provide performance reports in accordance with Table 1 during the operation of the Agreement. Each performance report is to contain a description of actual performance in the period to date against the project milestones.
16. New South Wales will provide bi-annual project status reports with photographs in May and November each year via the Commonwealth Department of Health's Capital Works Portal system in accordance with the template at Schedule A, until the completion of the project.
17. New South Wales will provide a final report including a Certificate of Practical Completion, a brief description of the project and official opening dates which can be used for public information and dissemination purposes. Which will include a description of the conduct, benefits and outcomes of the project.

PART 5 – FINANCIAL ARRANGEMENTS

18. The Commonwealth will provide an estimated total financial contribution to New South Wales of \$100 million in respect of this Agreement. All payments are GST exclusive.
19. The Commonwealth's funding contribution will not be reduced where the States secure funding from other activity partners.
20. The Commonwealth's and New South Wales' estimated financial contribution to the operation of this Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 2.

Table 2: Estimated financial contributions

(\$ million)	2022-23	2023-24	2024-25	Total
Estimated total budget	20.0	30.0	50.0	100.0
Less estimated National Partnership Payments	20.0	30.0	50.0	100.0
Balance of non-Commonwealth contributions	0.0	0.0	0.0	720.0

21. Having regard to the agreed estimated costs of projects specified in this Agreement, a State or Territory will not be required to pay a refund to the Commonwealth if the actual cost of the project is less than the agreed estimated cost of the project. Similarly, the States bear all risk should the costs of a project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for the States to deliver projects cost effectively and efficiently.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

22. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

Variation of the Agreement

23. The Agreement may be amended at any time by agreement in writing by both Parties.

Delegations

24. The Commonwealth Minister may delegate the assessment of performance against milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

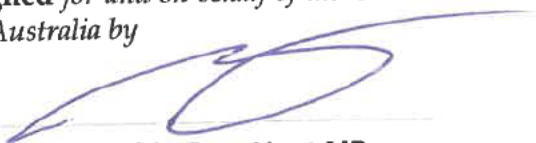
Dispute resolution

25. Either Party may give notice to the other Party of a dispute under this Agreement.
26. Officials of both Parties will attempt to resolve any dispute in the first instance.
27. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

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BY THE DEPARTMENT OF HEALTH

The Parties have confirmed their commitment to this agreement as follows:

**Signed for and on behalf of the Commonwealth
of Australia by**



The Honourable Greg Hunt MP
Minister for Health

Date 4-4-19

**Signed for and on behalf of the
State of New South Wales by**

The Honourable Brad Hazzard MP
Minister for Health

Date _____

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Schedule A

Project Status Report:

Report Month:

Submission Date:

Current Forecast Completion Date:

Current Project Stage:

Key Activity Undertaken Since Last Report:

Significant Achievements In Next 6 Months:

Project Status

Schedule: Green, Amber, Red

Cost: Green, Amber, Red

Compliance: Green, Amber, Red

Scope: Green, Amber, Red

Slippage Comments:

Corrective Action Taken:

Risk: Green, Amber, Red

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**The Hon Greg Hunt MP
Minister for Health**

COPY

Original carried
from MO due
to urgency.

04 APR 2019

The Hon Brad Hazzard MP
Minister for Health, Minister for Medical Research
NSW Government
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

I am writing to formalise the arrangements regarding the Commonwealth's commitment to assist with the planning, design and construction of the Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick.

I have attached a Project Agreement for your signature, setting out the terms and conditions for \$100 million to be provided from 2022-23 to 2024-25. To enable the Commonwealth to make this payment under the *Federal Financial Relations Act 2009*, please sign and return the agreement to me, indicating your acceptance of these terms and conditions.

To promote transparency and our commitment to the Intergovernmental Agreement on Federal Financial Relations, I intend to make the Project Agreement publicly available on the Council on Federal Financial Relations website.

I have copied this letter to the Prime Minister, the Hon Scott Morrison MP, and the Treasurer, the Hon Josh Frydenberg MP.

Yours sincerely

Greg Hunt

Encl (1)

cc: The Hon Scott Morrison MP, Prime Minister
The Hon Josh Frydenberg MP, Treasurer

Ref: MS19-000704



COMMUNITY HEALTH AND HOSPITALS PROGRAM EXPRESSIONS OF INTEREST

Project title Comprehensive Children's Cancer Centre at Sydney Children's Hospital, Randwick	
State/territory and contact details <div style="text-align: center;">NSW</div> <div style="display: flex; justify-content: space-between;"><div><p>s22</p><p>A/Executive Director Health System Planning and Investment NSW Ministry of Health</p><p>s22</p></div><div><p>s22</p><p>Director Policy and Funding Reform Government Relations Branch NSW Ministry of Health</p><p>s22</p></div></div>	
Key program areas Specialist hospital services: cancer treatment	
Project description <p>A \$300 million Comprehensive Children's Cancer Centre (CCCC) at Sydney Children's Hospital Randwick (SCH) will combine the scientific excellence of the 300-staff Children's Cancer Institute at UNSW Sydney with clinical leadership of the 150-staff Kids Cancer Centre (KCC) at Sydney Children's Hospital, Randwick.</p> <p>Australia's first CCCC will establish new models of paediatric cancer care centred on both the application of genomic data with precision medicine and translational research and clinical trials. The new paradigm of 'bedside-to-bench and back again' cycle of care, in which laboratory science is integrated into clinical decision making in real time, will be at the core of the CCCC's care for children with cancer in Australia and beyond.</p> <p>The Randwick Health and Education Precinct is undergoing a major \$720 million redevelopment funded by the NSW Government with a contribution from the University of New South Wales.</p> <p>The construction of a new Emergency Department and other clinical areas for the Sydney Children's Hospital will further the vision for expanding the Randwick precinct. The NSW Government would fund the first stage of a development that would place the Emergency Department, designed to articulate with the adult Emergency Department being built in the current redevelopment, and other areas in the podium upon which the CCCC will be built.</p>	
Target population(s) <p>Despite tremendous advances in cure rates, cancer is still the most common cause of childhood death from disease, with three Australian children dying each week.</p> <p>As such, while this initiative will target the NSW paediatric population, it will have flow on benefits to childhood cancer research and treatment nationally.</p> <p>In 2016/17 NSW hospitals reported 8,034 cancer related inpatient separations for patients aged less than 16 years with the Sydney Children's Hospital Network accounting for 64% of total separations within this period. The centre supports a strong hub and spoke model including 33 outreach clinics and shared-care models with peripheral hospitals.</p>	



Australian Government
Department of Health

Each year, around 260 new patient presentations/referrals are received for the Oncology and Haematology service at SCH.

Rationale

The Children's Cancer Institute is currently located in UNSW's Lowy Cancer Research Centre and is Australia's only independent medical research institute dedicated to childhood cancer research.

The current KCC is a model of excellence for bench-to bedside medicine, with the majority of children admitted to the service being enrolled in a clinical trial. KCC is a national centre of excellence for translational care and clinical trials, providing national coordination for trials in leukaemia, brain tumours, neuroblastoma, adolescent cancer, bone marrow transplantation, psycho-oncology, cancer bioethics, implementation science and health economic impact studies. The Centre is the nation's leader for first-in-child trials, investigator-initiated novel drug treatments and industry-sponsored drug treatments.

The CCC would be Australia's first Comprehensive Children's Cancer Centre (CCCC) seamlessly integrating wet and dry clinical and research laboratories with clinical care, teaching and support space, bringing together health practitioners, researchers, academics, patients and the community to integrate patient care, research and education. The facility will leverage the opportunities provided by its location within the Randwick Health, Education, Research and Innovation Precinct and partnerships with other government, public and private sector research initiatives.

A comprehensive integrated service on the Randwick campus is a significant step towards achieving the goal to render today's chemo- and radio-therapies obsolete and reduce child cancer deaths to zero. It offers a unique opportunity to deliver a world-class cancer facility for Australian children, sooner rather than later, that will set a new standard in this country and beyond.

The Centre's capability for seamless transfer of patient samples to laboratory analytics to patient care will allow the application of personalised genomic medicine, immunotherapies, experimental early phase treatments, blood and marrow transplant, and expanded clinical trial access.

The potential provision of inpatient cancer services in the same building as the CCCC offers even greater opportunities to bring research and clinical care together to make real differences in the lives of children and their families beyond just those who live in NSW.

Key activities

- Infrastructure planning and design for integrated acute services and CCCC building
- Construct the new and expanded Emergency Department for Sydney Children's Hospital Randwick and short stay units, clinical trials and medical imaging services, funded by NSW Government
- Construction of the CCCC
- Commissioning

Measures

Improve patient outcomes and further integrate research and clinical care:

The establishment of the CCCC will enable the service to address increasing demand and improve patient outcomes by bringing research and clinical care together in the one location.

Meet increasing service demand for children's cancer services:

Service demand will continue to increase, primarily due to the following factors:



Australian Government

Department of Health

- More new cancer cases diagnosed due to the increasing paediatric population;
- Improvements in the survival rates of children and young people with cancer;
- Increasing complexity in paediatric care as a result of advances in clinical care and adoption of new technologies; and
- New treatments making it possible to offer treatment to patients who have relapsed.

Timeline

2019-20 to 2021-22

Budget

Total contribution sought: \$300 million

2019-20 - \$5 million (infrastructure planning)

2020-21 - \$140 million

2021-22 - \$155 million

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