



The Place To Be

Media release

From the Treasurer of Victoria

Thursday, 28 February, 2008

RCH PPP SAVES VICTORIANS MORE THAN \$70 MILLION

The new Royal Children's Hospital (RCH) Public Sector Comparator (PSC) illustrates the savings to Victorian taxpayers of Public Private Partnerships.

Treasurer John Lenders said the project summary estimated that the financial cost of delivering the \$1 billion RCH project through the private sector was about 7 per cent cheaper than if it was done by the Victorian Government alone.

The PSC estimates the net present cost of the project if it was built by the Victorian Government alone would be \$1.016 billion. The net present cost of the Children's Health Partnership consortium's winning proposal is \$946 million.

"This is great news for Victorians as it shows the consortium will build a world-class hospital for less than what it would cost the taxpayer without private sector involvement," Mr Lenders said.

"The tabling of the project summary today shows the Brumby Government fulfilling its promise to make these contracts even more transparent through a range of measures, including easy-to-understand publicly-available project summaries.

"The Brumby Government has moved to improve and streamline the PPP process, and our disclosure policy is part of a series of reforms to ensure the policy has the confidence of the community and meets public expectations.

"Victoria is leading the way in Public Private Partnership policy, and our framework has been adopted by governments both in Australia and overseas."

Health Minister Daniel Andrews said construction of the new hospital had begun and is expected to be complete in 2011.

"The new hospital will provide a significant range of extra facilities and services to benefit sick children and their families," Mr Andrews said.

"And Victorian families will enjoy the extra benefits of this Public Private Partnership with the consortium providing expanded food shops and a small supermarket within the hospital, as well as a 90-room hotel accommodation facility and a gymnasium.

"There will be extra childcare facilities to support families visiting a sick child, and many other features not normally associated with a hospital which will help patients, families and staff."

He said the new hospital will have the highest percentage of single rooms of any public hospital in Australia, with 85 per cent of all rooms in the new RCH being single rooms.

"The new hospital will blend in with the park, and legislation mandates that there will be no net loss of parkland," Mr Andrews said.

"The 'green' features will result in an overall 45 per cent reduction in greenhouse gas emissions compared with a conventional hospital, and a 20 per cent reduction in water usage.

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“Some of the features include a black water treatment plant, which will also provide surplus water that can be used for Royal Park,” he said.

“This will be an internationally acclaimed ‘green hospital’ which will meet key sustainability targets, including greenhouse gas and peak energy reduction, water conservation and waste minimisation.”

Mr Lenders said that under the *Partnerships Victoria* framework, the hospital would at all times be publicly owned, operated and controlled. The project agreement requires the CHP consortium to hand back the facility, including all of the additional commercial elements, to the State at the expiry of the 25-year operating term for nil consideration.

Mr Lenders said the project summary outlines the contractual arrangements for the hospital project, and the details regarding the contract for the Children’s Health Partnership consortium will also be posted at www.partnerships.vic.gov.au – on the *Partnerships Victoria* website.