



Australian Government
Department of Health and Ageing

SECRETARY

Dr Tony Sherbon
Chief Executive
SA Health
PO Box 287 Rundle Mall
ADELAIDE SA 5000

Dear Dr Sherbon *te*

HEALTH AND HOSPITALS FUND

I refer to our letter of 18 June 2009 offering funding for construction of South Australia's Health and Medical Research Institute (SA HMRI) through the Health and Hospitals Fund (HHF) on the terms and conditions in the draft Funding Agreement attached to that letter, and subsequent telephone discussions and correspondence between Mr Paul McGlew of this Department and Ms Anastasia Apostol, SA Crown Solicitor's Office.

The project is to construct the SA HMRI facility which will be an integral part of the new Royal Adelaide Hospital campus to be built in the city's west end on North Terrace. Collaboration between scientists and clinicians is an essential aspect of translational research, and the co-location of the building and the new Hospital is essential to support and encourage high quality and innovative translational research.

It would appear that we have reached in-principle agreement in relation to this project. However, there are outstanding issues relating to:

- Codes (eg National Code of Practice for the Construction Industry and Australian Government Implementation Guidelines for the National Code of Practice); and
- Intellectual Property

which we envisage can be resolved in the near future.

On this basis and in recognition of the considerable body of work already undertaken to progress the SA HMRI (including the review of health and medical research in SA by Shine and Young, the rapid delivery program, development of a full business case as well as financial evaluation of delivery options for the project) the Commonwealth is prepared to offer an initial contribution of \$30 million (GST exclusive) to the State of South Australia to further progress the SA HMRI.

Upon acceptance of this offer, the Commonwealth will develop with the State of South Australia a funding agreement within the new streamlined federal financial relations arrangements to provide a further \$170 million (GST exclusive) over four years from 2009-10 to 2012-13 towards the SA HMRI. Payment of this additional amount will be subject to the signing of documentation under the new arrangements acceptable to the Commonwealth and the State of South Australia.

We envisage that this will provide the time necessary to enter into a co-operative arrangement with the State of South Australia given the size and complexity of this project.

Should appropriate documentation under the new streamlined federal financial relations arrangements not be signed by the State of South Australia and the Commonwealth by 31 December 2009 for the provision of the further funding for the SA HMRI, the State agrees that on request it will repay the funding of \$30 million to the Commonwealth within thirty (30) calendar days of such request.

If the State of South Australia is willing to accept this arrangement, please indicate this by signing a copy of this letter where indicated and returning a signed copy by Express Post to:

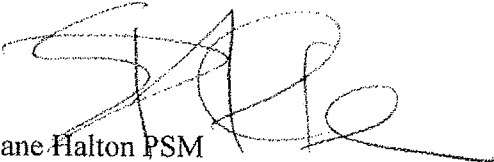
Director
Health & Hospitals Fund
Department of Health & Ageing
MDP 51
GPO Box 9848
CANBERRA ACT 2601

enclosing a correctly rendered invoice that:

- is presented as an invoice;
- identifies the Health and Hospitals Fund;
- is made out to the Department of Health and Ageing;
- contains the amount of \$30 million (GST exclusive).


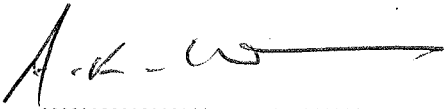
If you have any queries on this matter please contact Mr Paul McGlew, Director, Health and Hospitals Fund on (02) 6289 1741, or email paul.mcglew@health.gov.au.

Yours sincerely


Jane Halton PSM
Secretary

24 June 2009

SIGNED for and on behalf of the **STATE OF SOUTH AUSTRALIA** as represented by the Department of Human Services ABN 93 785 850 801 by:


Printed Name Signature) 

The signatory warrants that he/she has authority to bind the *SA Dept of Health*

24.6.09
Date Position *Chief Executive*