

Statement of Public Interest
Legislative Council: Standing Order 143



Health Services Amendment (Northern Beaches Hospital Deed Termination) Bill 2025

Statement 1: Need: Why is the policy needed based on factual evidence and stakeholder input?

The Health Services Amendment (Northern Beaches Hospital Deed Termination) Bill 2025 amends the Health Services Act 1997 to allow for the Government to terminate the Northern Beaches Hospital (NBH) Deed, with the Government to pay compensation as if an operator termination event occurred under the NBH Deed less handover costs, including transition and remediation costs, expected to be reasonably incurred by the State in assuming control and transitioning the operation of NBH (or part of it).

The Government's view is that an operator termination event has occurred following the appointment of receivers to the parent entities of Healthscope which resulted in a Change in Control under the NBH Deed without the State's consent. Therefore, Healthscope should be entitled to compensation under the Deed as if an operator default event occurred, less any additional handover costs incurred as a result of the transition.

Statement 2: Objectives: What is the policy's objective couched in terms of the public interest?

The objective of the Bill is to ensure that, if an agreed outcome cannot be reached with Healthscope, the Government is permitted to terminate the NBH Deed on terms that are fair and equitable to both parties in all the circumstances.

Ideally, the parties can come to an agreement about the end of the NBH Deed but if this does not occur, the State needs to be able to bring an end to the Deed through the process provided for in the Bill. The Bill avoids ongoing uncertainty as to the future of NBH, and avoids taxpayers having to meet the risk and cost of what may be a protracted contractual dispute in the Courts. Delays also risk undue stress and distraction falling on the shoulders of clinicians and managers within NBH, who must remain focused on providing safe and effective care.

Statement 3: Options: What alternative policies and mechanisms were considered in advance of the bill?

An alternative to the Bill is to reach an agreed outcome with Healthscope about the end of the NBH Deed. The Government is continuing to work with Healthscope to reach an agreed outcome.

Statement 4: Analysis: What were the pros/cons and benefits/costs of each option considered?

Reaching an agreed outcome with Healthscope is the Government's preference; however, any such agreement needs to be reached in a timely manner and on terms that are appropriate. If this cannot

be achieved, it risks ongoing uncertainty for the community of the Northern Beaches, staff and the people of NSW as to the future of NBH.

Statement 5: Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

The Bill will commence on proclamation. The provisions in the Bill will only be used if an agreed outcome with Healthscope cannot be reached in a timely manner. NSW Health will generally be responsible for administering the changes. NSW Treasury will be responsible for administering the policy where it relates to the functions of the Treasurer.

Statement 6: Consultation: Were the views of affected stakeholders sought and considered in making the policy?

NSW Treasury and The Cabinet Office have been consulted in relation to the Bill.