



Our Ref:SH:KL:37842

7 May 2014

The Director General
NSW Department of Planning
GPO Box 39
SYDNEY NSW 2001

Dear Sir/Madam,

PROPOSAL TO SEEK MODIFICATION TO MP 08_0170 (NEWCASTLE PRIVATE HOSPITAL EXPANSION PROJECT) – EXTENSION OF LAPSE DATE

This correspondence is written on behalf of Newcastle Private Hospital.

1.0 INTRODUCTION

Newcastle Private Hospital (NPH), via Healthscope Limited, received approval for a \$33.7 million expansion of the Newcastle Private Hospital from the Planning Assessment Commission on 15 January 2010 (MP 08_0170). The hospital was acquired in that same year.

Since acquisition, NPH has successfully focused their investment into a successful program of increasing services and facilities within the footprint of the existing hospital building. Including the current Kingston Building works underway (valued at \$7m, and not part of the MP 08_0170 expansion), total hospital investment of approximately \$16 million has been made over the past four years and provided for 6% growth in complex surgery and 7% growth in patient days. Further details on the investment since 2010 are provided below.

Increase in services undertaken by Healthscope since 2010 have positioned Newcastle Private Hospital to progress with the new building expansion investment.

NPH require twenty four (24) months post completion of the current Kingston Building development (anticipated October 2014) to reach a patient volume where they will need to utilize the approved expansion to meet patient demand.

The current approved expansion (MP 08_0170) lapses on 15 January 2015 and this modification application requests that it is extended by a two (2) year period until 15 January 2017, by modification to condition A4 (and associated updating of Schedule 1).

Procedurally, MP 08_0170 is an 'approved project' and therefore a 'transitional Part 3A project (Schedule 6A of EP&A Act). Notwithstanding the repeal of Part 3A, provisions that were in force prior to the repeal continue to apply to transitional projects. As such, a lapse date condition can be sought to be modified as provided for in s75Y, via a s75w modification request.

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2.0 INVESTMENT IN NEWCASTLE PRIVATE HOSPITAL AND NEED FOR EXPANSION

The history of the investment by Healthscope since acquiring the facility in 2010 and the need for the approved expansion is summarised below.

2.1 *Introduction of Day and Inpatient Oncology (Cancer) Services (2011)*

Newcastle Private Hospital opened a Cancer Care program providing care for both day and inpatient program using a multi-disciplinary team approach for all patients in September 2011. Since this time 15,715 day chemotherapy patients have been treated.

The objective of the unit is to ensure that the patients remain as socially and physically independent as possible by providing treatment in an outpatient unit that has a calm efficient manner with excellent patient amenities.

To ensure the best patient outcomes the unit is made up of a multi-disciplinary team that includes access to oncology nurses, oncology pharmacist, medical oncologists, physiotherapy, occupational therapists, psychologist and social worker. The Oncology team meets to review treatment goals and expectations and to tailor treatment and support strategies to each patient's needs.

Senior medical oncologists have expressed the wish to have clinical trials based at this site to ensure ongoing academic activity and education as well as contributing to the overall research effort in improving the efficacy of cancer treatments. A clinical research CNS has been employed 30 hours a week to manage the research programs this has grown to a team of 3 CNS each working 30 hours per week.

To ensure a safe and efficient chemotherapy unit for NPH local community and other stakeholders Newcastle Private Hospital's chemotherapy unit (inpatient and outpatient) needed to be licenced by the NSW Department of Health. To meet the department licencing requirements the unit needed to meet the minimum requirements set out by Australian Facility of Oncology Medicine Standards from the Royal College of Physicians and the Australian Health facility Guidelines on which NSW Department of Health Services will access the licensing requirements.

The hospital continues to invest in the oncology to ensure a better patient outcome and in April 2014 the hospital will introduce the DigniCap® System to decrease the amount of hair loss in patients having chemo therapy. Hair loss is a well-documented side effect of many chemotherapy patients.

The hospital performs on average 375 chemotherapy treatments a month while having an average occupancy of 7 inpatients per day in the oncology ward. Recent research released estimated that by 2020 the incidents/diagnosis of cancer will increase by approximately 35%. Further growth in the population demand for this service will mean further expansion will be required.

2.2 *Installation of Specialist Hybrid Theatre (2012)*

In 2012 Newcastle Private Hospital replaced its aging cath lab equipment with a hybrid operating theatre; this remains the only Hybrid operating system in Newcastle. The aim of

the hybrid operating theatre is to combine powerful X-ray systems with a conventional operating room. Due to increased demand on theatre time in the Kingston operating suite it became necessary to provide the hybrid theatre to allow the hospital to improve theatre utilization.

The new hybrid allowed for better flows and easy access to the patient, X-ray system and other equipment within the operating theatre. The hybrid operating theatre allows a variety of interventional and conventional procedures to be performed in one designated operating theatre.

Several of NPH key vascular surgeons were involved in the service development which has put Newcastle Private Hospital at the fore front of complex vascular surgery within the Newcastle area.

On commissioning of the Hybrid theatre in 2012 the hospital has seen a significant increase in the volume of vascular surgery. Between 2012 and 2014 the hospital has seen 565 increase bed days and 313 admission increase. The hybrid theatre is also used by the interventional cardiologist.

The continued growth in demand for this service will require further expansion space.

2.3 *Introduction of Neurosurgery (2013)*

In March 2013 Newcastle Private Hospital opened its Neurosurgical unit, the only Private Hospital between Sydney and the Queensland border to be performing cranial and high acuity Spinal Neurosurgery including tumour removal and clipping of cerebral Aneurysm.

Newcastle Private Hospital's investment strategy in increasing patient's access to high level health services has been the acquisition of several highly advanced and innovative pieces of medical equipment. The hospital invested over \$2m in acquiring the best neurosurgical and spinal medical equipment available including a proAxis Spinal Surgery operating table, the Medtronic StealthStation S7 System navigation system, the Medtronic O-arm Multi-dimensional imaging system and the latest model Zeiss OPMI Pentero 900 microscope.

Cranial and high acuity Spinal Neurosurgery remains an underdeveloped speciality in the private sector across the Newcastle/Hunter Region and Newcastle Private Hospital identified its opportunity to establish itself as the only private hospital in the region specialising in neurosurgery.

Until the Hospital opened its Neurosurgical unit all cranial and advanced spinal procedures were performed at John Hunter Hospital (public hospital). The investment in this equipment means that the residents of the Newcastle/Hunter Region have access to the latest surgical equipment.

Supporting this investment in Neurosurgical equipment, patient separation data showed that 55% of all day only neurosurgical procedures in FY 2010/11 from the Hunter New England Local Health District were performed in the regions Private Hospitals.

Demand data shows that neurosurgical procedure in the next 5 years that there will be 17% growth in same day procedures and a 21% increase in overnight procedures. The data also suggests that between by 2021-21 there will be a 27% increase in same day procedures and 35% increase in overnight procedures.

This will mean further bed capacity will need to be made available.

2.4 *Large growth of diagnostic and interventional cardiology services (2013) and of Cardiac Surgery in July 2014*

In 2013 a group of Cardiologists and Cardiac Surgeon approached Newcastle Private Hospital regarding developing a full Cardiac Service with the start-up of Cardio-Thoracic surgery. With this opportunity Newcastle Private Hospital owners Healthscope Pty Ltd are currently investing \$7m in the redevelopment of the Kingston Building which will include:-

- One (1) additional operating theatre for cardiac surgical;
- An increase in the number of Critical Care/Coronary Care inpatient beds from 10 to 15 beds;
- 8 new patients beds;
- A new Surgical Admission Facility; and
- New Executive suite and general office space.

Interventional Cardiology started at Newcastle in November 2012 and with the new interventional cardiologist commencing in September 2013 the hospital has seen an increase volume. To maintain and to further grow the Interventional Cardiology service the introduction of Cardio-thoracic surgery is required to ensure that these interventional cardiology procedures being performed safely, full cardiac thoracic service was essential. There is a lack of available capacity in the Kingston theatre complex and NSW Health has indicated they will not licence the hospital to undertake cardiac surgery without an appropriately sized and equipped theatre.

When the construction of the proposed additional theatre is finished the hospital forecast the additional volume in cardiothoracic surgery cases over the first 4 years. This is with input of the three surgeons involved. Currently Newcastle is sending out approximately 3 to 4 CABG (cardiac surgery) patients per week.

Over the next 24 months as this service becomes available further expansion space will be required.

2.5 *Favourable Demographics*

Newcastle Private Hospital is in the Hunter New England Local Health District, which is one of the largest Health Districts in NSW and covers a significant geographic area of New South Wales; spanning almost seven hundred kilometres from North to South, and approximately five hundred kilometres east to west.

The analysis of Newcastle Private Hospital admission and catchment data suggests that the target specialities will bring adequate volume to ensure achievement of the performance targets underpinning the business case for the extension of Newcastle Private Hospital services and requirement for extra capacity (beds and theatres).

The level of demand for NPH services within this market will be a function of the following drivers:

Strong growth in the population

- The Hunter New England Local Health District population is expected to grow by 15.3% from the 847,644 to 1,008,235 by 2030;
- In 2010, 64% of the population was under the age of 50, it is estimated that by 2030 that this will drop to 57% with a 7% increase in the population being over 50 years of age; and
- In the Greater Newcastle Cluster, NPH major catchments area. it is estimated that the population will grow by 16%.

Regional Economy

- Regional labour market is robust with a slow transition away from resource investment stimulus to more a consumption driven sector; and
- Employment growth of 5% in the September quarter 2013 with the unemployment rate at 5.2%.

Health Insurance Penetration

- Private health insurance ownership will be a powerful driver of demand. In September 2013 47.7% of the NSW population had basic table hospital private health insurance. This is mirrored in the Hunter region. This is slightly higher than the Australia average of 47% and ahead of Queensland, Victoria and South Australia; and
- With some form of Private health insurance general treatment cover sitting at 56.8% of the population and again higher than the Australian average of 55% (PHIAC September 2013).

The financial modelling completed by Newcastle Private Hospital management suggests that once the redevelopment is completed and Cardiac Surgery commences that the hospital will drive an additional 1000 in inpatient bed days per year. This will mean further bed capacity will be required to meet demand.

3.0 CONCLUSION

The analysis and investment history under Healthscope over the last four (4) years confirms that there is both a willingness and ability to expand services and a clear future demand for expansion at Newcastle Private Hospital. This supports the NPH request to extend the currency period of the current Project Approval for an additional two (2) years.

The Project Approval (MP 08_0270) lapses on 15 January 2015 (ie in ten months) and whilst detailed planning is underway to deliver the project there will be insufficient time to allow "physical or substantial commencement" of the project before the lapse date. A project of this size and scale and with the high level of internal design and planning complexity that goes with a hospital takes significant time to plan for. It is critical to ongoing hospital planning and investment decision making that the hospital moves forward with the knowledge that the approval as granted remains in place.

As such it is requested that the project approval (MP 08_0270) be extended by a further two (2) years (to 2017), by modifying condition A4 and Schedule 1 to specifically state a lapse date of 15 January 2017.

Finally a previous letter from Hunter New England Health Services on the John Hunter Campus is attached. They are a key partner on the site and support the NPH development and the extra amenity it will bring to the campus.

We trust this modification is to the Department's satisfaction. Please do not hesitate to contact the undersigned if you have any queries or need to discuss this further.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Craig Marler', written over a thin horizontal line.

Craig Marler
Senior Planner
ADW Johnson Pty Ltd
Hunter Office

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16 July 2009

Mr Michael Woodland
Director
Urban Assessments
NSW Department of Planning
GPO Box 39
SYDNEY NSW 2001

Dear Mr Woodland

Public Notification Response
Major Project Application Newcastle Private Hospital Development (MP0-8_0170)

I refer to the above application currently on public notification and make the following response.

Overall the Area Health Service supports this proposal. However, it is with regard to the site road network that the Area seeks to have some matters taken into consideration with this application.

1. NSW Health recently completed construction of the second access road from the public road network at Lookout Road including all costs in association with the connection into Lookout Road; road widening and turning lane, traffic lights with 10 years maintenance costs and relocation of the bus stop.

This was done to meet future public health needs for development of the site including the current proposal for the \$90m development of a medical research facility on the campus and longer term for general major expansion of the John Hunter Hospital, a level 6 teaching hospital. A Part 3A application is to be lodged in the coming months for the research facility which will have a daily staff and visitors complement of approximately 400.

2. As part of the second access road approval the obligation was placed upon the Area Health Service that "in the event of right turning vehicles from Lookout Road into the second access road regularly exceeding the length of the proposed right turn storage lane under normal hospital operations, the applicant is to revise internal traffic management arrangements and/or undertake modifications to the intersection to the requirements of the RTA".

As this access is to become a significant public access with this proposed increased use by the private hospital and private medical suites, the Area Health Service seeks to have the future liability of creating the second turning lane removed.

3. Construction Period

This project and the medical research facility are expected to have extended overlapping construction periods at which time both projects propose using this entry and road network. A cooperative and coordinated approach from both projects is

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necessary in recognition of the John Hunter Hospitals major emergency and acute health care role.

In closing, I wish to emphasise that the Area Health Service does support this project but due recognition must be given to the above factors.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N Lyons', written in a cursive style.

Dr Nigel Lyons
Chief Executive